SEC-CEE

Improving the Understanding of the Role of Sectoral Collective Bargaining in the Times of Multiple Crises in CEE

Studies in Hungary, Montenegro, Romania, Serbia, Slovakia, Slovenia and a comparison of the situation in these six countries

Written by – based on reports by experts from the six countries:
Bence Havas
István Horváth – principal investigator
Sára Hungler
Zoltán Petrovics
Réka Rácz

Eötvös Loránd University Faculty of LawDepartment of Labour and Social Law

& Péter Vakhal Dr., statistician
Benedek Szablics, professional contributor and translator

ROMANIA: Dr. Alina Pop and Dr. Ionuț Anghel.
SERBIA: Prof. dr Bojan Urdarević – Law Faculty, University of Kragujevac
MONTENEGRO: Mirza Muleskovic
SLOVENIA: Dr. Valentina Franca, University of Ljubljana

Budapest, 2025.

Co-funded by the European Union

Funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Commission. Neither the European Union nor the European Commission can be held responsible for them.

SECCEE – 101126461

The comparative analysis of sectoral social dialogue across Hungary, Montenegro, Romania, Serbia, Slovakia, and Slovenia reveals a complex and uneven landscape shaped by diverse political, economic, and cultural contexts. While all countries recognise the importance of collective bargaining, their experiences demonstrate significant differences in the role of the state, the strength of trade unions, and the flexibility of legal frameworks. Some countries, such as Romania and Montenegro, operate under legal systems that formally encourage sectoral bargaining, while others, including Hungary and Slovenia, struggle with political dominance or rigid regulation that restricts room for manoeuvre.

The study highlights that obstacles to effective dialogue are rarely legal alone; cultural attitudes, weak trust between social partners, and fragmented representation often play a decisive role. At the same time, common incentives for dialogue—such as external pressure from the European Union, the need to address labour shortages, or the desire to reduce unfair competition—emerge across several cases. Minimum wage regulation exemplifies these contrasts: in Romania, Serbia, and Montenegro, sectoral wage floors are seen as necessary to ensure fairness and stability, whereas in Hungary, Slovakia, and Slovenia, opinions are divided, with many employers warning against distortions and tensions between sectors.

The crises of recent years—COVID-19, the war in Ukraine, inflation, and climate change—have had divergent effects. In some contexts, such as Montenegro and Romania, crises fostered cooperation and introduced new topics into bargaining. In others, including Hungary and Slovenia, their impact was limited or even obstructed dialogue. Looking to the future, automation, digitalisation, and generational change are expected to reshape labour markets across the region. Here again, approaches differ: Slovakia stresses retraining and lifelong learning, Slovenia underlines structural constraints such as high taxation, while Hungary remains divided on whether automation offers a real alternative.

Despite these differences, a number of shared priorities emerge from the comparative perspective. Building trust between partners, professionalising negotiators, reducing excessive state interference, and broadening the scope of dialogue beyond wage issues are essential across all six countries. The comparative findings suggest that while legal and institutional reforms matter, the quality of social dialogue ultimately depends on culture, trust, and the willingness of partners to cooperate in shaping fair and sustainable labour markets.

I. The legal framework of sectoral social dialogue in the six countries

The following section provides an overview of the regulatory frameworks governing sectoral social dialogue in the six countries under review.

1. Hungary

Hungary introduced the regulation of sectoral social dialogue in 2009; prior to that, no specific regulatory framework existed. Alongside statutory provisions, a ministerial executive order also sets out the relevant rules. According to the legislative justification, the purpose of the 2009 reform was to create a new institutional system of interest reconciliation that would enable consultation between social partners at sectoral level, support the proliferation of collective agreements, and expand the opportunities for employers and employees to assert their interests in sectoral and professional policy. Under this system, if sectoral dialogue functions in a regulated and balanced manner, sectoral representatives of employers and employees can jointly pursue the development of their sector and autonomously determine a significant part of the rules governing it.

The key institutional mechanism is the Sectoral Dialogue Committee, the legally established forum for sectoral social dialogue. These committees operate as bilateral forums, with membership open to sectoral employer and employee representative organisations. The guiding principle is inclusiveness: no relevant social partner should be excluded from consultation. However, representative organisations with stronger support are to have decisive influence on decisions

Co-funded by the European Union

and on the conclusion of collective agreements. Moreover, the extension of a collective agreement to an entire sector is only possible with the participation of a decisive majority of the social partners in that sector. Currently, seventeen Sectoral Dialogue Committees are formally registered in Hungary.

The Hungarian Country Report generally evaluates the regulatory framework positively, but it also highlights one critical shortcoming. The criticism concerns the statutory conditions for extending collective agreements. Under current rules, extension requires that the employers represented by the signatory employer organisations jointly employ the majority of the workforce in the sector, and that at least one of the signatory trade unions qualifies as representative under the law. The Country Report argues that this requirement is virtually impossible to meet in practice, as no collective agreement could realistically achieve coverage of a majority of sectoral employees. It therefore recommends lowering the threshold from the current 50 per cent to 20–25 per cent.[1]

Despite the generally appropriate regulatory framework, sectoral social dialogue in Hungary remains weak in practice. To date, only four collective agreements have been extended to cover entire sectors, and at present only one collective agreement is in force that contains rules of practical effect. This limited impact is attributed to two factors: the absence of political will to actively support sectoral dialogue, and insufficient motivation on the part of the social partners themselves.

2. Montenegro

In Montenegro, the first comprehensive regulation of social dialogue was enacted in 2008. Amendments followed in 2011 and 2013, primarily to alter the status of members of the Social Council—removing their designation as public officials—and to reduce the number of representatives from government, trade unions, and employers.

The Social Council is entrusted with a wide-ranging mandate. It deliberates on the development and improvement of collective bargaining, both at national and sectoral levels; the impact of economic policy and its implementation on social development; stability of employment, wage and price policies; issues of competition and productivity; the protection of labour and the environment; education and vocational training; health, social protection and security; demographic trends; matters concerning the International Labour Organization; and other issues of significance for the implementation and enhancement of economic and social policy.

Montenegrin labour law defines the institutions and parties authorised to conclude collective agreements. Sectoral collective agreements may be concluded by representative employers' federations and representative trade unions in the real economy. They may also be concluded in state-owned or majority state-owned companies, as well as in public institutions, social security organisations, state bodies, and municipalities, through negotiations involving representative employers, trade unions, and government. Sectoral collective agreements, once concluded, apply to all employers and employees within the sector. At the enterprise level, collective agreements are binding on the employees of the specific employer concerned.

As of 2023, Montenegro had 38 collective agreements concluded at the enterprise level. In addition, seven sectoral collective agreements have been concluded in the real economy, covering key industries such as tourism and hospitality; maritime transport, port-transshipment services, and nautical tourism ports; seafaring on ships engaged in international navigation; construction and the building materials industry; the energy sector; telecommunications; and the chemical, pharmaceutical, and textile industries.

Taken together, these agreements illustrate that Montenegro not only possesses an appropriate legal framework for sectoral social dialogue but also maintains a functioning system, with seven effective sectoral collective agreements in force in the real economy.

3. Romania

In Romania, sectoral collective bargaining is regulated by the Law on Social Dialogue, the principal legal framework currently in force. This law replaced an earlier regulation adopted during the austerity measures introduced in response to the 2008 economic crisis. The previous regime marked a paradigm shift, as it significantly restricted sectoral collective bargaining. It introduced stringent requirements for sector-wide representativeness of social partners, imposed strict conditions for the extension of contracts negotiated at the level of groups of units, and confined the

[1] Szabó, Imre Szilárd: Ágazatiszintűkollektívszerződésekésországosszintűszociálispárbeszéd. In: Gyulavári, Tamás – Kártyás, Gábor (eds.): *Árnyékjelentés a kollektívszerződésmagyarszabályozásáról.* Frierdich Ebert Stiftung, Budapest, 2024. p. 37.

Co-funded by the European Union

obligation to bargain collectively to the enterprise level, applicable only to units with more than 21 employees. These restrictions effectively shifted bargaining downward and generated widespread dissatisfaction among trade unions.

The present Law on Social Dialogue, adopted by Parliament in December 2022 following a brief but technically focused debate shaped by International Labour Organization recommendations, aims to reverse these constraints and strengthen collective bargaining institutions. It broadens the rights of employees to free association, enhances the role of trade unions by lowering representativeness thresholds, and makes the initiation of collective bargaining at both company and sector level mandatory. It also enables higher-level organisations to negotiate inter-sectoral agreements through the transfer of representativeness.

To facilitate sectoral collective bargaining, the law lowered the representativeness threshold for trade union federations from 7% to 5% of all employees at sector level. It also reduced the threshold for extending collective agreements to an entire sector: under the new provisions, extension is possible if the signatory employers' associations represent more than 35% of the sector's workforce, a substantial decrease from the previous requirement of over 50%.

These changes have already produced tangible results. In May 2024, a collective labour agreement covering 43% of employees in the banking sector was concluded at the level of a group of units. In October 2024, at the request of the trade union side, this agreement was extended to the entire banking sector. This was an unprecedented development in Romanian industrial relations, as it became the first sectoral collective agreement with *erga omnes* effect, binding all employees and employers in the banking sector, irrespective of union membership or association affiliation.

In sum, Romania now has a clearer and more supportive legal framework for sectoral dialogue and collective bargaining. While the past 15 years have witnessed only a modest number of collective agreements at sectoral level, the extension of the banking sector agreement demonstrates that the new Social Dialogue Law provides an effective regulatory background capable of facilitating sector-wide arrangements.

4. Slovakia

In Slovakia, social dialogue is regulated by three separate acts, and the legislative framework is broadly compatible with European standards. The Collective Bargaining Act distinguishes between two levels of collective agreements: company-level agreements, concluded between a single employer and one or more trade union organisations, and higher-level (sectoral) collective agreements, concluded between an employers' organisation and a trade union federation. Sectoral collective agreements are negotiated for specific economic sectors and apply on a national scale.

Since the adoption of this framework, twenty-four sectoral collective agreements have been concluded, of which approximately ten remain in force. Sectoral dialogue plays a central role in shaping employment relations and social policy by seeking consensus between the social partners. Through this dialogue, collective agreements regulate wages, working conditions, and social benefits across specific industries. They are particularly important in determining minimum wage levels and other employment-related benefits within sectors.

Relative to other countries in the region, Slovakia stands out for the comparatively high number of sectoral collective agreements, which indicates a stronger degree of institutionalisation of social dialogue.

5. Slovenia

In Slovenia, there is no single comprehensive law regulating social dialogue. Instead, the relevant provisions are dispersed across several legislative acts. The most important of these is the Collective Agreements Act, which regulates the parties to a collective agreement, its content, the procedure for conclusion, its form, validity and termination, the amicable settlement of disputes, and the registration and publication of collective agreements.

Social dialogue in Slovenia historically rests on a tradition of consensus-building, although in recent decades several weaknesses have emerged, including a decline in mutual trust between social partners, reduced negotiating capacity and expertise, and difficulties in incorporating new topics into collective bargaining.

At the sectoral level, social dialogue takes place primarily between employers' organisations, such as the Association of Employers of Slovenia, and branch trade unions, which may be independent or federated within larger trade union confederations. The predominant form of sectoral dialogue is collective bargaining, aimed at concluding collective agreements. Other outcomes, such as joint declarations or responses to government initiatives in specific industries, occur less frequently.

While the legal framework formally ensures the validity and enforceability of collective agreements, significant problems arise in practice. Notably, there are no officially consolidated versions of sectoral collective agreements, which reduces legal certainty for both employers and employees, who may be unsure whether they are consulting the

Co-funded by the European Union

most up-to-date text. Furthermore, company-level collective agreements are not published officially at all, making them inaccessible to the public.

A further obstacle lies in the lack of systematic reporting obligations. Employers' associations are obliged to register their data in the business register, but trade unions face no such requirement. There is a centralised and official register of sectoral collective agreements which must be published in the Official gazette, but other collective agreements do not need to be published. There is also no reliable data on the validity of non-published agreements, the number of participants in sectoral social dialogue, or the extent of coverage. This lack of transparency hinders both research and policymaking.

Despite these weaknesses, collective agreements remain an important pillar of employment regulation in Slovenia and exert a tangible, if uneven, influence on employment and social policy. However, the absence of a register of valid collective agreements (only the sectoral collective agreements are subject of publishing in the Official gazette) represents a major gap in the institutional framework, limiting the ability to assess the scope and impact of sectoral bargaining.

6. Serbia

In Serbia, the Labour Law provides for the conclusion of collective agreements at three levels: general, special, and company. Special collective agreements are concluded for a branch, group, subgroup, or economic activity, and must be negotiated between a representative employers' association and a representative trade union operating in that particular sector or activity. Representativeness is thus determined at the level of the branch, group, subgroup, or activity.

However, inconsistencies have emerged due to the lack of alignment between the Labour Law and the Regulation on the Classification of Activities, adopted in 2010, five years after the Labour Law entered into force. While the Labour Law still refers to branches, groups, subgroups, and activities, the Regulation uses different terms—sector, area, branch, and group. This discrepancy has not been addressed by the amendments to the Labour Law of 2014.

In practice, this inconsistency has created significant difficulties. The Statistical Office of the Republic of Serbia applies the classification of activities from the Regulation, while many trade unions remain organised according to categories from the earlier framework, which no longer formally exist.

At present, fifteen sectoral (special) collective agreements are in force in Serbia. However, none of these agreements regulate wages at the branch or sectoral level, which significantly limits the scope and effectiveness of collective bargaining. The only exceptions are the special collective agreements for the construction and road construction sectors, which determine the minimum hourly wage rate. Since this rate is adjusted annually, employees in these sectors benefit from regular wage increases.

Comparative Summary

The analysis shows that all six countries under review have established legal frameworks that formally support sectoral social dialogue and collective bargaining, thereby providing a stable legal foundation. Nonetheless, as the Hungarian example illustrates, precise regulation alone is insufficient: a supportive legal and political environment, coupled with genuine motivation among the social partners, is essential for effective outcomes.

Romania demonstrates how a revised and well-calibrated legal framework can stimulate sectoral bargaining, as evidenced by the extension of the banking sector collective agreement to all employees in 2024, following the adoption of the new Social Dialogue Law in 2022. Montenegro also provides an example of sectoral social dialogue linked directly to a functioning framework of sectoral agreements, with seven collective agreements currently in force in the real economy.

Slovakia stands out regionally for the relatively high number of sectoral agreements concluded since the introduction of its legislative framework, with twenty-four agreements concluded to date and around ten still in effect. Slovenia, by contrast, highlights the importance of institutional history: social dialogue there is rooted in a longstanding tradition of consensus-building, but weaknesses remain, particularly the lack of a comprehensive register of valid collective agreements, which undermines transparency and legal certainty.

In Serbia, the existence of fifteen sectoral collective agreements indicates a relatively active system compared to others in the region, although the lack of wage regulation at the sectoral level reduces their practical impact.

In sum, while the legal frameworks of all six countries can be characterised as broadly adequate, their effectiveness depends heavily on non-legal factors. These include historical traditions, the political climate, the institutional capacity of trade unions and employers' organisations, and the willingness of social partners to engage meaningfully. Where these supporting conditions are absent, sectoral dialogue remains formal rather than substantive.

Co-funded by the European Union

II. Analysis of Collective Bargaining and Social Dialogue in Central and Eastern Europe

1. Overview of the Sample

The questionnaire results depict a fragmented and largely decentralised system of collective bargaining across Central and Eastern Europe, with significant variations both between and within the examined countries. Trade union presence and structured bargaining mechanisms are concentrated predominantly in larger enterprises, while small and micro firms are for the most part excluded from formalised employee representation. Sectoral-level collective agreements are generally rare, with the notable exception of Slovenia and, to a lesser extent, certain construction sector agreements across the region.

Employers across all six countries tend to be sceptical of government commitment to fostering sectoral social dialogue. At the same time, employer organisations are widely regarded as having the capacity to influence national-level economic and social policies. Nevertheless, doubts remain as to whether formal dialogue mechanisms function effectively or operate with sufficient autonomy from state institutions.

Recent shifts in social dialogue are primarily driven by economic pressures, most notably inflation, labour shortages, and the energy crisis. By contrast, broader societal and structural challenges—including migration, digitalisation, and cybersecurity—exert only a weaker or inconsistent influence on collective bargaining agendas.

At the thematic level, sectoral dialogue continues to prioritise traditional labour law concerns, such as occupational health and safety, working time arrangements, and vocational training. More innovative or socially-oriented issues, including gender equality, harassment prevention, and ecological sustainability, remain at the margins of sectoral bargaining practices. Employers generally express openness to the inclusion of minimum wage provisions in sectoral collective agreements, though the level of support varies considerably between countries.

Climate change and ESG-related initiatives, while increasingly recognised within corporate governance frameworks, are not yet integrated into the mainstream agenda of sectoral social dialogue. Overall, the findings suggest that while collective bargaining institutions are present in all six Central and Eastern European countries under review, they remain limited in terms of institutional strength, coverage, and thematic scope.

2. Trade Union Presence and Collective Agreements

Across Hungary, Montenegro, Romania, Serbia, Slovakia, and Slovenia, trade union presence is highly uneven and strongly correlated with company size. In general, the majority of surveyed companies reported no union presence, yet large firms (with more than 250 employees) displayed a substantially higher likelihood of unionisation. Although only 31% of the sample consisted of large companies, they accounted for two-thirds of all unionised firms. This structural pattern is particularly evident in Hungary and Romania, where the overwhelming majority of companies with trade union representation belong to the largest size category. By contrast, smaller enterprises, especially those with fewer than 50 employees, rarely host unions, confirming the broader regional trend of weak labour organisation outside large corporate settings. National differences are also apparent: while Slovakia demonstrates a relatively higher overall rate of unionisation compared to Serbia and Montenegro, the small-enterprise sector across the region remains largely unorganised.

The presence of works councils reflects some of these trends but indicates an even weaker and more fragmented institutionalisation of employee representation. On average, only about one-fifth of surveyed companies reported having a works council. Their likelihood increases with company size and the existence of a company-level collective agreement, yet regression analysis shows that even in larger firms with collective agreements, the predictive strength is only moderate. In Hungary and Slovenia, larger enterprises are considerably more likely to have works councils, whereas in Montenegro and Serbia the relationship is marginal or absent. These findings suggest that while firm size and the institutionalisation of bargaining provide favourable conditions for establishing works councils, their emergence and effectiveness ultimately depend on broader national legal frameworks and traditions of social dialogue across Central and Eastern Europe.

Co-funded by the European Union

3. Sectoral-Level Collective Agreements and Works Councils

The prevalence of sectoral-level collective agreements in Central and Eastern Europe remains limited and uneven across countries. Overall, 73% of surveyed companies reported the absence of a sectoral agreement, with construction being the only sector where roughly half of respondents confirmed their existence. Slovenia stands out as an exception: nearly half of Slovenian firms reported being covered by a sectoral-level agreement, in contrast to much lower proportions in Hungary, Serbia, and Romania. Statistical analysis reveals only a moderate association between workplace-level and sectoral-level agreements: while companies without a workplace-level agreement are also likely to lack a sectoral one, the presence of a workplace-level agreement does not strongly predict sectoral coverage. This indicates a fragmented bargaining system in which sectoral coordination is weak and often supplanted by company-level negotiations.

National patterns highlight that sectoral-level bargaining does not systematically compensate for the absence of workplace-level agreements. In Hungary and Serbia, sectoral agreements are scarce, and collective bargaining is concentrated at the company level, particularly among larger firms. By contrast, Slovenia demonstrates a comparatively high incidence of sectoral agreements, suggesting a more coordinated system supported either by stronger institutions or by specific legal obligations. Notably, the existence of sectoral agreements appears largely independent of company size, underscoring that institutional factors—such as regulatory frameworks and the organisational capacity of employers' associations and trade unions—play a more decisive role than firm-level characteristics.

The survey data also suggests that firms covered by sectoral-level collective agreements are not systematically the same as those with workplace-level agreements. In practice, workplace-level agreements frequently emerge in contexts where sectoral bargaining is absent or underdeveloped, but the two levels do not appear to reinforce one another. This pattern reflects a predominantly decentralised model of collective bargaining across the region, in which outcomes depend primarily on company-specific strategies and the relative strength of local unions, rather than on coordinated sectoral frameworks. With the exception of more institutionally embedded contexts such as Slovenia, sectoral agreements thus remain secondary or supplementary to company-level arrangements.

4. Perceptions on Social Dialogue and Policy Influence

The responses provide an overall picture of how employers in Central and Eastern Europe perceive the role of social dialogue in public policy-making, as well as the specific factors shaping it.

Government commitment to strengthening sectoral dialogue—traditionally less prominent in the region compared to Western Europe—is perceived rather negatively.[2]. In all six countries, the majority of responses to this question fell on the negative side of the Likert scale. This finding stands in marked contrast to the requirements of Directive (EU) 2022/2041 on adequate minimum wages, which explicitly encourages the strengthening of sectoral bargaining. Article 4(2) of the Directive requires Member States with collective bargaining coverage below 80%—a threshold largely met only by states with strong sectoral systems—to adopt action plans to increase coverage.[3] Employers' scepticism, therefore, indicates that in the CEE region governmental commitments to align with these EU requirements are either not visible or not perceived as credible by social partners.

By contrast, a more positive picture emerges regarding the influence of employers' organisations in national social dialogue. With the exception of Hungary, a clear majority of employers across the region believe that employers' organisations are able, through dialogue, to shape economic and social policies at the national level. Opinions diverge, however, on the question of autonomy. Employers in Romania, Serbia, Slovakia and Montenegro, who are generally more confident in the effectiveness of social dialogue, also consider the process to be relatively autonomous, albeit to a lesser extent. Slovenian respondents show significant uncertainty in this regard, while Hungarian employers—already sceptical about the effectiveness of dialogue—also express doubts about its autonomy. The comparative analysis thus highlights a paradox: some employers acknowledge social dialogue as an effective channel for representing their interests, yet remain uncertain about the independence of the process. This ambivalence risks undermining overall confidence in social dialogue.

Employers were also asked whether sectoral dialogue and sectoral regulation could help make labour markets more predictable. The majority of countries showed positive attitudes, with Romania standing out: 60.7% of Romanian respondents strongly agreed with this statement. Hungarian employers were more optimistic on this issue than on the realities of national dialogue, while Slovenian responses were more sceptical.

[2] Szabó, Imre Szilárd: Ágazatiszintűkollektívszerződésekésországosszintűszociálispárbeszéd. In: Gyulavári, Tamás – Kártyás, Gábor (eds.): *Árnyékjelentés a kollektívszerződésmagyarszabályozásáról.* Frierdich Ebert Stiftung, Budapest, 2024. p. 37.
[3] OECD/AIAS ICTWSS, 2023, https://www.oecd.org/en/data/datasets/oecdaias-ictwss-database.html (23. 04. 2025.).

Co-funded by the European Union

Alongside social dialogue, employers also assess the role of lobbying. With the exception of Hungary, where opinions are divided, a majority of employers in all countries affirm that employers' organisations can influence national policy through lobbying activities. The picture is more fragmented with regard to lobbying by individual employers. In Slovakia, and especially in Slovenia, many respondents consider individual employers capable of influencing public policy. By contrast, employers in Montenegro, Romania and Serbia were divided on the issue, while in Hungary most respondents dismissed it as an effective tool. These variations suggest that perceptions of lobbying effectiveness are shaped by the institutionalisation of the process and by sectoral and company characteristics. Nevertheless, the overall finding is that, with the exception of Hungary, employers in the region recognise both social dialogue and employers' organisations' lobbying as legitimate and effective channels of influence, whereas the perceived effectiveness of individual lobbying remains contested. Where social dialogue functions properly, institutional lobbying appears complementary; where doubts about dialogue autonomy prevail, lobbying tends to emerge as an alternative.

Employers also assessed the relevance of specific external factors shaping social dialogue. Economic pressures dominate: inflation, the energy crisis, rising living costs, and the general economic slowdown were identified as the main drivers. Employment-related challenges such as labour shortages and wage increases were also widely considered important. Among recent crises, the COVID-19 pandemic was recognised across the region as highly relevant, while the war in Ukraine divided respondents. Employers in Slovakia were the most likely to see it as relevant (58.7% partly or strongly agreeing), whereas Hungarian employers—despite Hungary's geographical proximity—considered it largely irrelevant. Elsewhere in the region, responses varied considerably, with many indicating uncertainty.

The role of digital transformation was perceived inconsistently. In general, digitalisation was not considered a key factor, with only respondents in Montenegro and Slovakia identifying it as relevant. Telework and atypical forms of employment were more broadly acknowledged, reflecting their more tangible labour law implications. By contrast, the "right to disconnect" attracted high levels of uncertainty, suggesting its limited relevance to the practical realities of CEE labour markets.

Finally, newer public policy concerns such as cybersecurity, migration and sustainability were generally deemed marginal. Across countries, responses showed high variance and large proportions of "don't know" answers, reflecting both uncertainty and disengagement.

Taken together, the findings indicate that employers in Central and Eastern Europe largely perceive the evolution of social dialogue as driven by narrowly defined, traditional economic developments. Broader societal challenges—whether digital, environmental, or geopolitical—have not yet entered the mainstream of collective bargaining and sectoral dialogue.

5. Attitudes Toward Sectoral Topics

Beyond identifying the determinants of social dialogue, the questionnaire also examined employers' views on the role of specific regulatory areas within sectoral dialogue. The responses provide important insights into the thematic priorities of companies in Central and Eastern Europe.

Among the areas considered, *health and safety at work* emerges as the most widely recognised and supported theme, consistently ranking as a priority across all six countries. This confirms that occupational safety remains a cornerstone of employer–employee consultation. Romania is particularly noteworthy, where 92.9% of respondents identified health and safety regulation as an important subject for sectoral dialogue, indicating an almost universal consensus. Similarly, the organisation of *working time* continues to represent a central area of interest, reflecting its status as a classic issue of employment relations. A third area of significant attention is *vocational training and apprenticeships,* which can be linked to the persistent labour shortages faced by CEE countries. This suggests that employers recognise the importance of workforce development and skills formation, while simultaneously upholding traditional concerns over working conditions and occupational safety.

By contrast, employers in the region display markedly low levels of interest in more socially innovative topics such as the *gender pay gap, active ageing,* or *workplace harassment*. These topics are often met with uncertainty, as evidenced by the relatively high share of "don't know" responses, but also with an observable reluctance to engage with them within the framework of sectoral dialogue. This may reflect a limited identification with the objectives set out in the European Pillar of Social Rights (2017), or a perception that such matters should not be addressed through collective bargaining structures.[4]

[4] For the 20 principles of the European Pillar of Social Rights: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=LEGISSUM:european_pillar_of_social_rights (23. 04. 2025.).

Co-funded by the European Union

A similar pattern is visible in the responses concerning *environmental* and *social sustainability.* These issues were consistently rated as low priority, with some employers explicitly dismissing them as irrelevant to sectoral social dialogue. Likewise, the *employment of migrant workers* was among the least supported themes in four of the six countries, largely due to negative responses. This finding corresponds with the broader scepticism employers expressed when asked about the impact of migration on dialogue, where overall ratings were low.

In sum, employers in Central and Eastern Europe continue to prioritise issues tied to *employment conditions* (health and safety, working time) and *workforce quality* (training and apprenticeships), thereby maintaining a largely traditional focus in sectoral dialogue. By contrast, topics associated with gender equality, sustainability, and migrant labour remain peripheral and, in many cases, explicitly excluded from the agenda.

6. Alternative Ways of Setting the Minimum Wage

The questionnaire invited employers to consider hypothetical alternatives to the current system by exploring the possibility of setting minimum wages through sectoral or national collective agreements. The option of *sectoral minimum wage agreements* was more positively received in four of the six countries: Hungary, Montenegro, Romania, and Serbia. Employers in these contexts expressed clear support for a decentralised mechanism that would allow sectoral actors to set minimum standards.

By contrast, Slovakia and Slovenia revealed more divided, and in Slovenia's case more sceptical, views. In both countries, a significant proportion of respondents either rejected the idea or expressed uncertainty. This pattern largely mirrors responses to the notion of a *national minimum wage agreement.* However, some differences are evident: Hungarian employers, while supportive of sectoral arrangements, showed less enthusiasm for a national agreement. Slovak employers displayed a relatively high share of neutral responses, while Slovenian employers expressed an outright majority against national-level wage-setting. Romania maintained a relatively positive stance but showed stronger rejection rates compared to the sectoral option.

Support for sectoral arrangements was reinforced by answers to the question on whether sector-wide wage agreements generally benefit industry. Agreement levels were particularly strong in Montenegro and Romania. Even in Slovakia and Slovenia—where scepticism toward sectoral wage-setting was otherwise pronounced—a majority acknowledged that sectoral wage agreements could be advantageous.

In sum, employers across Central and Eastern Europe display a general openness to the idea of setting minimum wages through collective agreements, with a particular emphasis on the sectoral level. Yet significant cross-country variation remains: Montenegro and Romania appear strongly committed to such a framework, while Slovakia and especially Slovenia show marked hesitation or opposition.

7. Climate Change and ESG Activity

Climate change emerges as a relatively weak and fragmented theme in sectoral social dialogue across Central and Eastern Europe. In most of the countries surveyed, respondents expressed scepticism or indifference about its importance. Hungary and Montenegro stand out for their predominantly negative perceptions, with many employers rejecting the idea that climate change constitutes a key issue for their sectors or that it stimulates meaningful social dialogue. Romania presented a somewhat more balanced picture, with a greater share of positive responses, though strong agreement remained limited. Similarly, in Serbia, Slovakia, and Slovenia, attitudes were largely neutral or dismissive, particularly among smaller enterprises. These findings suggest that climate change is not yet perceived as a significant driver of social dialogue in the region, and where awareness exists, it is often shaped more by sectoral or national particularities than by a shared regional agenda.

With regard to ESG (Environmental, Social, and Governance) activities, the involvement of employee representatives remains underdeveloped. Across the six countries, relatively few firms reported that trade unions, works councils, or employee representatives are regularly engaged in ESG decision-making. Romania and Serbia demonstrated somewhat stronger tendencies towards such inclusion, especially in larger companies, while Hungary, Montenegro, and Slovenia recorded lower levels of involvement and higher proportions of neutral or negative responses.

The overall picture suggests that, although ESG issues are increasingly discussed at the corporate level, they have not yet been systematically integrated into established mechanisms of social dialogue. Both climate change and ESG concerns remain peripheral within sectoral and workplace-level negotiations in Central and Eastern Europe, and their potential to reshape the bargaining agenda appears, for now, limited.

Co-funded by the European Union

Summary

The comparative analysis demonstrates that collective bargaining and social dialogue in Central and Eastern Europe continue to operate within a fragmented and predominantly decentralized framework, with company-level arrangements playing the central role. Sectoral bargaining remains limited, both in terms of coverage and institutional strength, and is concentrated largely in specific sectors such as construction or within larger enterprises. Smaller firms, which constitute the majority of businesses in the region, remain largely outside formalized structures of employee representation.

Employers across the region continue to prioritize traditional employment issues—such as wages, working time, and occupational health and safety—while broader themes linked to social innovation, sustainability, and governance remain peripheral. Although survey responses reveal a certain openness towards expanding the role of sectoral bargaining, particularly in relation to minimum wage regulation, this support is uneven across countries and tempered by significant scepticism in contexts such as Slovenia and Slovakia.

The findings suggest that the further development of sectoral dialogue in the region will require not only an enabling institutional and legal framework but also a change in the attitudes of both employers and governments. Without stronger political support, better coordination among social partners, and broader recognition of the benefits of collective bargaining, social dialogue in Central and Eastern Europe is likely to remain decentralized and uneven, with limited potential to serve as a comprehensive mechanism for regulating labour relations and addressing emerging challenges.

III. Summary of Interviews with Stakeholders and Experts in Specific Sectors

In each of the countries under review, researchers conducted a series of interviews with leaders and experts representing employer interest groups. The principal objective was to identify two sectors in each country that displayed contrasting characteristics in relation to sectoral social dialogue and to carry out eight interviews per sector (i.e., a total of sixteen interviews per country). While this target was achievable in certain cases, it proved difficult in others. For example, in Hungary, securing interviews within the same sector was particularly challenging: many employers declined to participate, citing a lack of interest in the subject. In total, eleven refusals were recorded, with reasons ranging from the absence of management approval to complete non-responsiveness.

The rationale for this methodology was to provide a comprehensive overview of each country's situation by analysing the state of social dialogue in selected sectors. In some instances, the scope was broadened to include interviews with trade union representatives and other professionals with substantial experience in labour relations, thereby enhancing the representativeness of the findings. In Romania, interviews were conducted in the banking sector as well as in energy, oil and gas, and energy mining. In Serbia, the focus was placed on transport and the chemical and non-metal sectors. In Hungary, the tourism and hospitality sector, along with the chemical industry, were targeted, supplemented by interviews with trade union representatives. Due to a high rate of refusals, additional respondents were identified in construction, light industry, engineering, and pharmaceuticals. In Montenegro, the employers' association undertook in-depth interviews with employers across multiple sectors and included trade union representatives to ensure balanced coverage. Similarly, in Slovakia and Slovenia, the interviewees represented a broad range of industries.

The interviews were carried out either face-to-face or online. A comprehensive summary of the results is presented in the individual country reports. The methodology combined structured and semi-structured formats. Six "core" questions were applied consistently across cases, while researchers were encouraged to pursue additional lines of inquiry in a semi-structured manner. Three supplementary questions (questions 7–9) and one open-ended concluding question (question 10) were added in certain countries to allow respondents to provide recommendations or raise further issues they considered important for sectoral social dialogue. These additional questions were used in Hungary, Slovakia, and Slovenia, while Romania included questions 7 and 9 in its research design.

The core questions guiding the interviews were as follows:

- What are the main factors encouraging or discouraging sectoral collective bargaining?
- Can you identify any legal or other obstacles hindering effective bargaining, as well as any incentives that may facilitate it?

Co-funded by the European Union

- In your opinion, what measures would increase the efficiency of collective bargaining?
- How have recent crises (COVID-19, the economic downturn, the climate crisis, the war in Ukraine) affected collective bargaining in your sector?
- How does sectoral social dialogue relate to national social dialogue? For instance, do tripartite agreements concluded at national level (e.g. on minimum wages or working time) affect the room for manoeuvre of social partners in sectoral negotiations?
- Are there areas of employment regulation that, in your view, could be improved by a sectoral collective agreement? If so, which areas and with what potential content? More broadly, are there topics in your sector that should be addressed within the framework of sectoral social dialogue with the involvement of trade unions (e.g. minimum wages, remuneration systems, vocational education and training)?
- In addition to these six core questions, several optional questions were posed in some countries to gather further insights and recommendations:
- Is the regulation of the minimum wage at national level sufficient, or is additional regulation at sectoral level justified? If the latter, what legal, economic, or labour market reasons support it, and does it risk creating tensions among employees and representative organisations in different sectors?
- Can sectoral minimum wage regulation serve as an effective tool to prevent the poaching of employees among employers within the same sector? If not, what alternative mechanisms might be used?
- Do you believe that the spread of automation and robotisation will alter multinationals' perception of Central and Eastern Europe as primarily a low-cost labour region?
- Are there any additional circumstances or issues, not addressed in the previous questions, that you consider relevant to the current state of sectoral social dialogue?

The results of the interviews are presented below, organised by question. The analysis highlights both common patterns and shared concerns across the participating countries, while also identifying unique features specific to national contexts. Taken together, the findings offer valuable insights into employers' motivations regarding sectoral social dialogue and collective bargaining and provide a basis for drawing conclusions and formulating recommendations for strengthening these processes.

1. Push and Pull Factors for Sectoral Collective Bargaining

Across all six countries, the interviews revealed that structural weaknesses and fragmented interest representation constitute major obstacles to the functioning of sectoral social dialogue.

In Hungary, a recurring theme was the absence or weakness of trade union representation in many sectors. Several interviewees emphasized that this hinders unions' capacity to effectively advocate for workers' interests and undermines the institutional foundations of sectoral dialogue. The structural basis of interest reconciliation has been eroded, and in sectors where no unions are present, sectoral representation has effectively become impossible. A lack of credible and autonomous union representation also undermines the legitimacy of dialogue. In the hospitality and tourism sector, for example, one respondent noted that reduced state support and the precarious situation of trade unions—exacerbated by the COVID-19 pandemic—has led to their near disappearance from many companies. The limited appeal of trade union membership among younger workers further aggravates this situation, as low prestige and difficulties in recruitment cast doubt on the future of unionisation. Some respondents even suggested that the lack of demand for sectoral collective agreements stems from the fact that, in the absence of unions, there is no real constituency for such agreements. Another interviewee pointed to the absence of formalised consultation forums (sectoral dialogue committees) in some sectors as a further obstacle.

In Slovakia, interviewees likewise highlighted the insufficient organisational capacity of both trade unions and employers' associations at the sectoral level. Similar concerns were expressed in Slovenia, where the fragmentation of employers' organisations and the weakening of trade unions were repeatedly identified as significant barriers to effective dialogue. Slovenian unionists referred to an ongoing "identity crisis," reflecting the difficulty of defining clear goals, missions, and strategies for action. Respondents also pointed to structural barriers such as the lack, or imbalance, of tripartite social dialogue at the national level, inadequate coordination among employers' associations, outdated bargaining systems, unequal treatment of actors across sectors, and the limited time and resources available for negotiations. Together, these factors were seen as perpetuating the difficulties of sustaining meaningful sectoral collective bargaining.

Co-funded by the European Union

In Romania, fragmentation was also a central theme. Within the energy, oil and gas, and energy mining sectors, the existence of many small, competing trade unions was seen as a major obstacle to creating strong, representative organisations. This division often prevents unions from achieving the critical mass needed to negotiate effectively at the sectoral level.

The interviews conducted in Serbia revealed similar challenges. Respondents noted that representative trade unions are either absent altogether, or where they exist, they are weakened by low levels of worker participation. The lack of interest in joining unions was frequently attributed to negative past experiences, leaving unions with little legitimacy or strength to negotiate collective agreements.

In Montenegro, respondents also pointed to the weakness of trade union organisations, though they stressed an additional problem: the limited participation of small businesses in the negotiation process. Because small firms are poorly represented, negotiations tend to reflect the interests of larger companies, whose more developed negotiating skills and resources give them an advantage. This imbalance skews outcomes in favour of big employers and leaves smaller actors without a meaningful voice in sectoral bargaining.

Taken together, the interviews underscore a common pattern across the region: fragmented and weakly institutionalised structures, on both the employer and employee sides, severely constrain the functioning of sectoral social dialogue. While the specific form of these obstacles varies by country, the overall result is the same: weak representation, insufficient coordination, and a lack of trust among the parties significantly hinder the development and sustainability of sectoral collective bargaining.

2. Coordination and Divergence of Interests

Difficulties also arise in relation to cooperation within and between trade unions. In Hungary, several respondents pointed to the lack of effective cooperation among trade unions, which undermines the potential for unified representation. In Slovenia, interviewees highlighted an absence of coordination within negotiating groups, where the divergence of interests between larger companies—typically represented in the groups—and smaller firms, which often remain outside the process, creates structural imbalances. A similar lack of coordination was noted in Montenegro, where state institutions sometimes refuse to recognise or accept the outcomes of negotiations concluded by the social partners, thereby weakening confidence in the process.

3. Lack of Employer Interest

In Serbia, Slovakia, and Hungary, another recurring theme was the lack of interest or willingness on the employer side. Interviewees repeatedly emphasized that there is often simply no demand for sectoral collective agreements among employers. In Hungary, the issue of representativeness further complicates bargaining: in many sectors, employers themselves do not possess adequate representational capacity, a challenge that reflects the predominance of small and medium-sized enterprises, which are difficult to organise into coherent employer associations.

4. Cultural and Social Factors

In several states, broader societal and cultural factors were described as impeding sectoral social dialogue. In Hungary, interviewees suggested that collective bargaining lacks historical roots and is not embedded in social traditions, resulting in a general absence of collective thinking. Similarly, in Romania's energy sector, both employers and trade union representatives expressed scepticism about the viability of sectoral bargaining in the near future. Where such cultural barriers exist, interviewees stressed the need to create an environment that actively fosters open negotiation and cooperation.

5. Lack of Trust

The problem of trust emerged as a recurring theme across Slovakia, Slovenia, Montenegro, and Romania. In these countries, mistrust between the negotiating parties—and in some cases between the parties and the state—was described as a fundamental barrier. In Romania, negotiations are often perceived as formalistic exercises without genuine dialogue, and respondents from the banking sector mentioned employers' reluctance to share information

Co-funded by the European Union

within employers' associations due to entrenched prejudices. This, they argued, reflects a broader cultural problem where negotiations are either avoided or simulated. In Slovenia, respondents underlined the pervasive lack of trust between employers and employees, and between employees and the state. Mutual suspicion is compounded by the perception that one social partner enjoys a privileged relationship with the government, leading the other side to behave defensively.

6. Political and Legal Constraints

The political environment and regulatory framework were also identified as obstacles. Inconsistent labour, tax, and economic policies, frequent legal changes, and broader legal uncertainty all undermine the predictability required for effective bargaining. Respondents in Slovenia highlighted the difficulty companies face in adapting to sharp increases in the statutory minimum wage. They argued that when the state appears overly responsive to union demands, it raises expectations on the employee side and places additional pressure on employers. Legal restrictions were also highlighted, particularly where sectoral collective bargaining is precluded from addressing certain topics. For example, the statutory regulation of the minimum wage in Slovenia removes the issue from the scope of sectoral agreements. Several Slovenian interviewees also lamented the narrow focus of bargaining, which revolves almost exclusively around wages, with little attention to other aspects of employment relations. Similarly, in Romania, the absence of clear sectoral definitions—such as within the energy sector, where diverse activities are grouped together—was identified as a factor that complicates sectoral negotiations.

7. Lack of Skills and Competence

Finally, the lack of adequate skills and expertise among negotiators was widely recognised as a serious problem. In Slovenia, the personal attitudes, inexperience, and lack of professional knowledge of negotiators were frequently cited as significant impediments. Respondents noted that negotiators often lack both specific expertise—such as knowledge of wage systems and labour law—and broader economic understanding, resulting in limited capacity to evaluate the wider impact of legal or economic measures. Similar concerns were raised in Slovakia, Romania, and Montenegro, where the lack of training in negotiation techniques, tactics, and procedures was seen as a barrier to reaching mutually beneficial solutions. Some respondents complained that one side frequently arrives at negotiations completely unprepared, and that when negotiating teams change, previously accumulated knowledge and institutional memory are lost. Montenegrin participants in particular stressed the urgent need to develop negotiation skills within the context of collective bargaining. In Romania, both trade union leaders and employers' representatives were described as insufficiently educated in dialogue and bargaining practices, which severely constrains the quality and outcomes of negotiations.

8. Employers' Reluctance towards Collective Agreements

In Hungary, interviewees from both the construction and engineering sectors repeatedly highlighted a pervasive sense of reluctance among employers regarding collective agreements. This apprehension is rooted in the belief that such agreements could undermine competitiveness. Several respondents noted that employers are often wary of trade unions, perceiving them not as partners but as potential threats to managerial autonomy. In the chemical industry, the absence of tradition in collective bargaining and employers' fear of losing independence were described as even more pronounced at the sectoral level. Interviewees agreed that there are no compelling incentives—either coercive or beneficial—for companies to conclude collective agreements, whether at company or sectoral level.

A further Hungarian concern was that sectoral dialogue committees lack adequate resources, as they can only apply for symbolic amounts of financial support, leaving little motivation to engage in meaningful bargaining. Even where sectoral or multi-employer agreements exist, such as in the pharmaceutical industry, they tend to remain general and declarative, containing "soft" commitments rather than enforceable provisions. In Romania, employers expressed similar concerns, fearing that union demands would prove excessive and lead to unsustainable wage increases or additional financial pressures. Many employers, especially smaller companies, are reluctant to support sectoral agreements, fearing a loss of competitiveness.

Co-funded by the European Union

9. Employer Size and Structural Imbalances

The size of employers emerged as another decisive factor influencing the viability of sectoral bargaining. In Slovenia, a recently established medium-sized firm admitted it lacked the capacity to participate meaningfully in negotiations. Hungarian interviewees noted that when one dominant large company exists within a sector, sectoral bargaining may function more as a hindrance than a benefit. Large companies have little incentive to adapt to the needs of smaller firms, creating a structural imbalance that obstructs consensus-building.

Employer size is also relevant in the context of ownership. As one Hungarian respondent observed, state-owned enterprises are effectively under direct political influence, making it impossible to initiate bargaining without prior approval from the state owner. In Romania, similar tensions were reported: in the energy, oil, and gas sectors, large state-owned companies and smaller private firms often face divergent priorities. While large enterprises may be pressured to introduce wage increases or additional employee rights under collective agreements, smaller firms are frequently unable to absorb such costs. For companies with majority state capital, any additional labour costs also have direct implications for the state budget, complicating negotiations further.

10. Economic and Sectoral Conditions

Economic conditions strongly influence the scope and effectiveness of sectoral bargaining. In Hungary, interviewees pointed to the varied situations of employers across different sectors, noting that organisational culture, geographical location, and labour market conditions create vastly different starting points for negotiations. Labour shortages, inflation, and broader macroeconomic conditions (such as profitability and growth) were identified as decisive contextual factors.

Romanian interviewees, particularly in the banking sector, highlighted the budgetary constraints of smaller institutions, which struggle to provide the compensation packages or employee rights negotiated at the sectoral level. Slovak respondents similarly emphasised that bargaining outcomes are shaped by the economic condition of the sector and the company, as well as by legislative frameworks and the willingness of both parties to engage in compromise. In Slovenia, respondents noted that declining competitiveness and the relocation of production to cheaper labour markets exert downward pressure on wages and bargaining opportunities, further complicating sectoral dialogue.

11. Transnational Constraints

Transnational factors also emerged as obstacles. In Hungary's energy industry, multinational ownership was seen as a barrier, with foreign managers reportedly reluctant to support employer organisation. Some attributed this to experiences in the home countries of multinationals, where trade unions and employer associations are already highly influential—leading foreign managers to resist similar structures in Hungary.

In Serbia's chemical and non-metal sector, sectoral bargaining was not even considered relevant by many respondents. As most firms operate as suppliers within international value chains, they are bound by the standards and rules of their foreign clients, particularly those exporting to the European market. Employers argued that sectoral agreements would add little value, as working conditions and wages are already shaped by international business requirements and compliance with global standards.

12. Pull Factors and Incentives

Despite the challenges, interviewees in several countries identified certain factors that encourage sectoral bargaining. Slovak respondents highlighted the role of economic pressures, such as wage demands, bonuses, and rising costs, as well as poor working conditions and restrictive legislation, as drivers pushing employers toward negotiations. They also mentioned innovation and international regulations as potential positive influences.

In Slovenia, respondents emphasised that sectoral bargaining allows for the regulation of employment conditions specific to each sector. Mutual interest in establishing fair conditions that enable both employers to meet their goals and employees to secure their rights was seen as a strong incentive. External shocks such as inflation or the COVID-19 pandemic were also described as catalysts, pushing social partners to engage more seriously in dialogue. One Slovenian interviewee explained that bargaining is increasingly driven both by the shortage of skilled labour and by the need to improve working conditions, reflecting the structural challenges facing employers.

Co-funded by the European Union

In the Hungarian pharmaceutical industry, interviewees emphasised that employers in this sector share a strong industrial background, converging perspectives, and common challenges. This creates a favourable basis for sectoral bargaining. Slovak respondents also underlined that successful negotiations require a balance between both sides, shaped by the need to address labour shortages, regional disparities, and emerging challenges such as inflation, environmental pressures, and digitalisation. At the same time, one Hungarian interviewee argued that wage bargaining alone no longer justifies collective bargaining, since the central issue is not the setting of minimum wages but rather the ongoing competition between employers for skilled labour, where employees are "poached" directly from the market.

Slovenian interviewees pointed to several factors that encourage sectoral bargaining. These include the coherence of employers' organisations, a positive economic environment, and a supportive legislative framework that underlines the obligation of social dialogue. While trade union representatives in Romania suggested that mandatory sectoral negotiations should include strict rules on initiation, completion, and even sanctions, employer representatives expressed the opposite view, arguing that greater autonomy should be granted to the social partners themselves to determine the scope and pace of negotiations. From the employers' perspective, external pressure or further tightening of obligations by law are not desirable incentives.

Nevertheless, external actors may play a role. Romanian respondents noted that EU-level mechanisms, such as the National Recovery and Resilience Plan, could provide strong external incentives for sectoral negotiations. Employers could also be motivated if sectoral bargaining offered tangible benefits such as tax incentives or other economic advantages. At the same time, workers and trade union members themselves can encourage collective bargaining by articulating their demands more clearly, but this requires improved information flows and higher union membership rates.

The Romanian interviews further highlighted the importance of representative and credible organisations. Strong employer associations and trade unions are seen as prerequisites for creating a climate of trust that enables genuine dialogue. In the banking sector, the establishment of the Council of Banking Employers in Romania (CPBR) in 2014 was cited as an important institutional driver of collective bargaining. Employers in this sector have sought to demonstrate stability and seriousness both to their workforce and to the wider public, motivated by the reputational risks of labour disputes that could undermine consumer trust. Managers with backgrounds in Western European contexts, where traditions of social dialogue are stronger, were also said to have encouraged a culture of bargaining. At the same time, the banking sector has faced pressure to restore its attractiveness as an employer and to retain highly skilled professionals, both of which further incentivised dialogue.

In Slovenia, respondents repeatedly highlighted that mutual trust, professionalism, and long-term respectful relationships between the negotiating parties are central to successful bargaining. These intangible factors were considered just as important as legal or structural frameworks.

Finally, Montenegrin interviewees emphasised the importance of practical aspects of cooperation between social partners. They argued that effective social dialogue depends on well-developed negotiation techniques, enhanced coordination, and careful time management. Slovenian respondents also noted that continuous two-way communication, extending beyond formal meetings, is crucial to ensure that all parties feel included and benefit from the process. Romanian participants added that leaders of both trade unions and employer organisations should receive systematic training in negotiation and social dialogue in order to improve the quality and outcomes of collective bargaining.

IV. Obstacles and Facilitating Factors in Sectoral Collective Bargaining

Although many of the issues identified by interviewees overlap with points already discussed, the answers to this second question provided additional perspectives that shed further light on the dynamics of collective bargaining. In order to capture broader trends, certain elements were incorporated into previous sections, but the following overview focuses specifically on the legal, institutional, and cultural circumstances that hinder or, in some cases, facilitate sectoral bargaining.

Co-funded by the European Union

1. Cultural and Historical Barriers

Cultural barriers were raised most prominently in Hungary. One expert argued that the culture of joint action—cooperation, solidarity, and collective achievement—remains weak and has not become embedded in social or workplace traditions. Employees rarely view union membership as a way to improve their situation and instead expect leaders to act on their behalf, without assuming personal responsibility. Employers similarly do not prioritise negotiation with employees or trade unions, reflecting a broader preference for directive leadership. Existing employer organisations often operate as lobbying groups oriented towards government bodies rather than as genuine partners in social dialogue. Larger companies frequently bypass sectoral negotiations altogether, preferring instead to approach ministries or other authorities directly to resolve their concerns. Within individual industries, such as pharmaceuticals, chemicals, or hospitality and tourism, interviewees observed that employers tend not to seek unity, that sectoral collective agreements are often dismissed as unnecessary, and that weak solidarity and poor self-organisation compound these difficulties.

The weakness of trade union traditions was also emphasised. Hungarian interviewees pointed out that the union movement failed to rebuild itself after the political transition of the 1990s. Trade unions were widely dismissed as remnants of socialist-era institutions, and their lack of prestige continues to make recruitment difficult. As a consequence, unions remain largely absent from small and medium-sized enterprises, leaving employers without bargaining counterparts. International companies are also reluctant to support employee representation. One Hungarian employer went so far as to describe sectoral collective bargaining as a “tradition of a bygone era,” irrelevant to contemporary society. Comparable experiences were reported elsewhere: in Serbia, employers in the transport sector explained that there was no representative body to negotiate with, as drivers often work independently and see little need for organisation, while in the fertilizer industry unions are absent altogether, leaving not even company-level agreements in place.

2. Lack of Incentives, Knowledge, and Awareness

Another recurrent theme was the absence of incentives and knowledge to stimulate participation in collective bargaining. Hungarian interviewees stressed that neither the state nor the sectors provide meaningful stimuli for social dialogue. The issue rarely appears in public discourse, which leaves employers with little awareness of its potential benefits. One respondent even noted that many actors do not understand the basic concepts of “social dialogue” or “sectoral bargaining.” A Slovenian interviewee reinforced this observation, adding that clear communication about the purpose of collective bargaining and the reasons for its existence is crucial if participation is to be encouraged.

3. Government Attitudes and Political Influence

Government attitudes play a decisive role in shaping bargaining outcomes. In Hungary, experts argued that the government tends to monopolise solutions, thereby discouraging local or sectoral initiatives. At the same time, the government is often suspicious or even hostile towards autonomous interest representation, particularly in the case of trade unions. Efforts are systematically made to avoid or marginalise union demands, and disputes are often framed as matters of prestige in which the government must prevail. While official rhetoric suggests support for dialogue, interviewees questioned whether there exists genuine political will to strengthen sectoral bargaining institutions. They highlighted the need for greater recognition and cooperation from both government and employers if progress is to be made.

In Montenegro, respondents emphasised that political instability undermines continuity in bargaining processes. Frequent personnel changes caused by shifts in the political environment disrupt negotiations, making the involvement of stable state experts essential to secure effective outcomes.

4. Legal and Regulatory Obstacles

In Hungary, the legal framework itself was not considered the primary barrier to sectoral bargaining. Instead, the absence of managerial demand for such negotiations posed a greater challenge. Nevertheless, certain structural weaknesses in the Labour Code were highlighted. Its centralised approach leaves little room for subsidiarity or local adaptation, and the law on sectoral dialogue committees, which has remained unchanged for 15 years, was described

Co-funded by the European Union

as outdated and in need of revision. Respondents from the tourism and hospitality industries added that rules on representativeness create obstacles in sectors dominated by small and medium-sized enterprises. For instance, the legal requirement that interest groups operate continuously for two years before participating in sectoral dialogue committees was criticised as unrealistic. Finally, experts argued that the 2012 amendments to the Labour Code weakened the position of trade unions, making workplace-level representation significantly more difficult.

In Montenegro, interviewees suggested that one possible improvement to the legal framework would be to allow greater scope for collective agreements to cover issues not explicitly regulated by legislation. Expanding the flexibility of labour law in this way could make bargaining more effective by enabling partners to address sector-specific concerns more comprehensively.

Respondents in Slovenia identified several serious legal barriers. One interviewee stressed that the law establishes a narrow framework for collective bargaining, leaving social partners with little room to manoeuvre. If legislation allowed for broader regulation tailored to the characteristics of individual sectors, many issues could be addressed more effectively. Another respondent emphasised that the most significant hindrance lies in the excessively formalistic and bureaucratic approach of existing regulations. Rigid labour laws provide little flexibility, while numerous bilateral rules restrict mobility in the labour market. In addition, high taxation of labour, coupled with additional tax burdens, discourages both employers and employees from engaging in collective bargaining, thereby narrowing its scope and attractiveness.

The Slovak interviews similarly highlighted legislative restrictions and regulatory instability as major obstacles. Frequent changes in labour law and the lack of predictability were described as creating uncertainty and discouraging social partners from engaging in long-term agreements.

Romania presents a somewhat different case. Here, the legal framework not only allows but actively promotes social dialogue, making it mandatory to initiate collective bargaining at both unit level (for firms with more than ten employees) and sector level. Nevertheless, interviewees identified several provisions that in practice discourage sectoral bargaining. Extensive over-regulation of labour law leaves little scope for negotiation, thereby reducing employers' willingness to grant additional rights through collective agreements. Moreover, the new Social Dialogue Law no longer guarantees employers protection against strikes during the validity of a collective agreement, as employees now retain the right to strike against government social and economic policy even when such agreements are in force. Employer representatives argued that this discourages companies from pursuing sector-wide agreements. Finally, although the new law lowered the representativeness threshold for trade unions, this reform risks increasing fragmentation among unions, which complicates and prolongs sectoral bargaining.

Summary

The interviews across the six countries highlight that the efficiency of collective bargaining depends on a combination of institutional, legal, organisational, and cultural factors. Several common themes emerged.

First, stronger government support and recognition of social dialogue were repeatedly emphasised. In Hungary and Montenegro in particular, respondents stressed that sectoral dialogue needs greater visibility, financial support, and public promotion as a problem-solving tool. Similarly, Slovak interviewees suggested that tripartite institutions should provide clearer frameworks, mediation, and expert resources to support bargaining.

Second, trust and transparency between social partners are seen as essential prerequisites. In Romania, Slovenia, and Montenegro, respondents consistently highlighted the importance of honest dialogue, mutual respect, and reducing adversarial relations. A climate of trust not only facilitates compromise but also prevents negotiations from stalling.

Third, legal and institutional reforms were proposed. Hungarian and Slovenian respondents advocated greater autonomy for social partners, fewer rigid rules, and sector-specific adjustments to representativeness criteria. In Slovakia, stability of legislation, the prevention of "rule circumvention," and modernisation of collective bargaining law were identified as key. Romanian stakeholders pointed to the excessive number of participants and fragmented unions as a barrier, suggesting that more streamlined and representative structures would increase efficiency.

Fourth, broadening the substantive scope of negotiations was considered vital. Slovenian interviewees noted that discussions often stagnate around wage issues, while other topics such as working conditions, vocational training, competitiveness, and youth employment remain underexplored. Expanding the agenda would make negotiations more relevant to employers and employees alike.

Fifth, capacity-building and professionalisation of negotiators emerged as a recurring theme. Across all countries, stakeholders emphasised the need for training in negotiation techniques, labour law, and economic analysis.

Co-funded by the European Union

Better-prepared negotiators, supported by statistical data and sectoral analyses, would enhance the quality of agreements and reduce unrealistic demands.

Finally, technical and procedural improvements were identified as necessary. Respondents suggested clearer timelines and deadlines to avoid stalling, more structured negotiation processes, and informal pre-meetings to clarify expectations. Improved communication systems, particularly in Montenegro and Hungary, and greater involvement of smaller businesses were also seen as important to ensure fairer representation of interests.

Overall, the interviews confirm that while legal frameworks matter, the effectiveness of collective bargaining ultimately depends on trust, preparation, inclusiveness, and the willingness of both government

V. Crises and Collective Bargaining

Contemporary crises—including the COVID-19 pandemic, the economic downturn, climate change, and the war between Russia and Ukraine—have exerted a substantial influence on employers and, indirectly, on collective bargaining processes. However, the extent and nature of these impacts varied considerably by sector, depending on the specific vulnerabilities of industries, the structure of employment relations, and the prevailing relations between social partners. The evidence gathered from interviews reveals a highly mixed picture: in some cases, crises served as catalysts for social dialogue, while in others they disrupted or even weakened existing structures. Notably, interviewees often reported experiences that were contradictory, underscoring the heterogeneity of outcomes across both sectors and countries

1. Hungary

Interviewees in Hungary emphasised that employment-related expenditures, the broader economic and labour market consequences of the crises, raw material and energy prices, trade restrictions, and runaway inflation have had a decisive impact on social dialogue. According to one respondent in the light industry, these phenomena significantly hampered the continuity of collective bargaining and the position of social partners.

The effects, however, were uneven across sectors. While the pharmaceutical industry reported increased profits during the pandemic, other sectors—most notably hospitality and tourism—experienced severe decline. Some companies nevertheless emerged from the crisis in a stronger position, largely due to effective crisis management strategies. Interviewees highlighted that transparent information-sharing, employee involvement, and the introduction of support mechanisms were critical factors in this regard, while corporate culture and management style also played a decisive role. This dynamic illustrates a characteristic feature of the Hungarian context: the relative weight of employer management over collective bargaining outcomes.

In the pharmaceutical sector, one company reported that collective bargaining was largely unaffected by the crisis. However, consultation between employees and management increased during this period. In contrast, the hospitality and tourism sectors were among the hardest hit: trade union membership collapsed, and works council elections were postponed. Nonetheless, there were examples where the crisis served as a catalyst for collective bargaining. At one hotel employer, five collective agreements were concluded during the pandemic, securing severance pay and re-employment opportunities, which facilitated the company's early reopening. Membership in the union also increased after the crisis. Another respondent in the sector noted that their collective agreement proved crucial in enabling rapid crisis response, allowing the company to agree with the union on temporary wage reductions (by 25%), the introduction of downtime, group redundancies, and the retention of part of the workforce—saving hundreds of jobs. In such cases, collective agreements were beneficial for both employers and employees.

This was not typical in other industries. In the engineering sector, COVID-19 had little discernible impact on collective bargaining. In the chemical and petrochemical industries, structured dialogue had already been well established at company level, and one respondent explained that cooperation around common goals, such as job preservation, had even strengthened during the pandemic. Yet, importantly, bargaining remained confined to the company level, with no evidence of sectoral negotiations.

The war in Ukraine and the subsequent sanctions, together with the introduction of an extraordinary profits tax, had a serious impact on the pharmaceutical sector. Employers became more cautious, less willing to negotiate, and reluctant to make commitments under conditions of uncertainty. The impact of the war varied depending on the scope of a company's economic activities, particularly whether its supply chains or export markets were disrupted or whether it maintained operations in Ukraine. In hospitality and tourism, initial hopes that Ukrainian refugees might alleviate labour shortages proved short-lived: while there was an early influx of workers, this later declined, leaving structural labour shortages unresolved.

Most interviewees maintained that global warming had no direct impact on collective bargaining. Nevertheless, changing weather conditions have produced secondary effects, such as reduced water levels on the Danube or the shutdown of wind turbines, which influence industrial production. Flooding linked to climate change was reported to have caused significant damage to hospitality establishments in flood-prone areas, while price fluctuations associated with climate shifts also affected workers' living standards and wage levels. A respondent from the gas industry noted that global warming was relevant insofar as it encouraged consideration of alternative energy sources.

Finally, some respondents in the chemical sector rejected any link between these crises and collective bargaining. In their view, the more pressing issue was European competitiveness—particularly with respect to China—and the structural challenges faced by the automotive industry, which overshadowed the specific crises raised in the interviews.

2. Montenegro

Across all interviews in Montenegro, there was unanimous agreement that recent crises introduced a degree of uncertainty into the collective bargaining process, though their effects varied. A common observation was that employers' priorities shifted during crises. For instance, during the COVID-19 pandemic, employers focused primarily on financial stability and job retention, rather than on accepting additional costs.

Overall, respondents agreed that the crises did not significantly obstruct negotiations, nor did they substantially alter the issues under discussion. However, the pandemic created technical challenges: in-person meetings were no longer feasible, and online negotiations were regarded as somewhat less effective, leading to a marginal decline in the quality of dialogue.

Montenegro's economy experienced the steepest decline in GDP in the region during the pandemic, but the subsequent war and energy crises paradoxically had a positive effect on the country's economy. During the pandemic, social partners participated in numerous decision-making processes concerning support measures for both employers and employees, which demonstrated the importance of social dialogue in shaping effective policy responses. Later, during the energy crisis linked to the war in Ukraine, collective bargaining was also perceived as constructive, and the favourable economic conditions allowed for the expansion of workers' rights.

The effects of climate change were not raised in the interviews.

3. Romania

In Romania, the government responded to the COVID-19 pandemic by extending the validity of all collective agreements due to expire during the state of emergency and for 90 days thereafter. This included the first collective agreement signed in the banking sector in 2018, which remained in force until new negotiations were launched in 2022.

The pandemic also introduced new topics into bargaining agendas at the level of units or groups of units, particularly in the banking sector. Issues such as workplace health and safety, teleworking arrangements, and additional benefit packages (beyond salary indexation) became prominent. Employers' interest in safeguarding workers' health and protecting jobs fostered greater trust between social partners, which in turn strengthened collective bargaining. The subsequent economic crisis shifted attention to wage indexation, but unions were generally more flexible and understanding of the unpredictability caused by the crisis, showing greater willingness to compromise in negotiations.

In the energy sector, interviewees also reflected on the impact of crises on labour relations, even though no sectoral negotiations had been held recently. The COVID-19 crisis encouraged closer cooperation between unions and employers, as both sides were compelled to quickly implement workplace health and safety measures in a sector deemed vital and unable to suspend operations during quarantine. The pandemic also accelerated the shift to teleworking, which prompted union demands for compensation to offset the costs of working from home. Inflation and subsequent economic difficulties intensified demands for wage increases, further straining companies already under financial pressure. In this context of economic instability, both unions and employers expressed less interest in initiating or expanding negotiations, focusing instead on crisis management and maintaining existing operations.

The war in Ukraine had no reported impact on collective bargaining in the banking sector. However, in the energy sector, the related energy crisis, government-imposed price caps, and sanctions on Russian companies generated additional costs for employers, reducing their capacity to meet union demands.

The effects of climate change were not mentioned in the Romanian interviews.

Co-funded by the European Union

4. Serbia

As there is no sectoral collective agreement in the Serbian transport sector, it is not possible to assess the direct impact of COVID-19 or the Russian–Ukrainian conflict at that level. However, at the company level, collective bargaining was affected. Following the declaration of the pandemic, traffic was either completely suspended or severely restricted, which created major difficulties for many employers. For example, the ban on both local and international travel had a profound impact not only on tourism and hospitality but also on other sectors dependent on frequent international mobility, such as transport, distribution, and logistics. Many business trips that were standard practice in the pre-pandemic period — particularly in consulting and IT services — were replaced by online meetings and training sessions, a trend expected to persist even after the lifting of travel restrictions.

The Russian–Ukrainian conflict has had little impact on the transport sector. Freight companies merely altered their routes, shifting towards markets unaffected by the war.

In the chemical and non-metal sector, interviewees primarily discussed the broader economic implications of crises. Respondents noted that COVID-19 itself had little impact on most companies, although the semiconductor shortage hit car manufacturers hard, resulting in the cancellation of many domestic orders. The war in Ukraine had a more direct effect on this industry due to its reliance on exports to the German market. The fertilizer industry, for example, reported that while the pandemic had no notable consequences, the war disrupted access to raw materials. Interviewees also emphasised that disruptions to rail transport between Russia and Ukraine date back to 2014, when conflict in the Donbass region first obstructed a key transit route for chemicals, rubber, and agricultural products.

The effects of climate change were not raised in the Serbian interviews.

5. Slovakia

Global crises have had a significant impact on collective bargaining in Slovakia, influencing both the economy and the social environment, with largely negative consequences. Interviewees agreed that adverse economic conditions tend to weaken the quality of dialogue, while also shifting the focus of negotiations toward more immediate, crisis-related concerns.

During the COVID-19 pandemic, one of the central issues was financing sick leave, which imposed substantial additional costs on employers. At the same time, remote work expanded rapidly, creating new demands for flexibility and well-being support.

The war in Ukraine also shaped collective bargaining. It led to an influx of Ukrainian refugees, many of whom entered the Slovak labour market. Employers responded by developing support programmes, such as assistance with residence permits, accommodation, and employment. At the same time, rising energy and fuel costs placed pressure on both companies and employees, forcing negotiations to adopt new approaches and compromises.

Inflation and environmental commitments — including Net Zero targets, CO_2 reductions, and the EU Green Deal — have also influenced the bargaining agenda. Employers are increasingly compelled, either voluntarily or by regulation, to introduce environmentally friendly measures. Employees, too, are becoming more vocal about “green” issues, which they want addressed in company and sector-level agreements. While this has expanded the scope of dialogue, it has also diverted resources away from wage or benefit negotiations, as employers must invest heavily in compliance.

Finally, interviewees recalled that previous economic crises, such as in 2008, highlighted the importance of timely and effective agreements. Industries dependent on production and sales faced severe disruption, which underscored the need for social partners to cooperate quickly and creatively.

6. Slovenia

The Slovenian interviews provided a mixed assessment of the impact of recent crises on collective bargaining. Many respondents reported that negotiations continued largely as normal, with little observable effect. Several stated that the crises seemed almost irrelevant to bargaining, except for COVID-19, which temporarily slowed the process due to lockdowns and logistical barriers.

Others, however, highlighted that the crises had made agreements more difficult to reach, owing to reduced resources for wage increases and benefits, and in some cases redundancies and layoffs. Some respondents argued that bargaining had “stalled” during COVID-19, as companies concentrated on survival and adapting working conditions, while the long-term decline in employment weakened labour’s bargaining position. Negotiations were often postponed,

Co-funded by the European Union

prolonged, or left idle. Yet, paradoxically, several interviewees noted that crises can also stimulate debate, making negotiations more relevant and highlighting the role of the industry.

Several respondents criticised government measures, which they argued reduced rather than expanded space for negotiation. Employers felt that their concerns were insufficiently heard, while unions were perceived as largely absent in addressing crisis-related problems. One respondent noted that in moments of crisis, the workers' side tended to "freeze" in negotiations, offering narrower and less persuasive arguments, while employers frequently invoked crises to justify lowering expectations regarding material rights.

Interviewees also observed that economic instability tends to harden negotiating positions. While crises demand flexibility, the effect in practice was increased rigidity among social partners. One respondent remarked that crises are more challenging for management than for employees, as management must interpret, explain, and adapt to external shocks. Employers were urged not to misuse crises as a pretext for measures that should fall under normal business management and due diligence.

Comparative Summary

Across the six countries examined, recent crises—COVID-19, the war in Ukraine, inflation, and climate change—have exerted heterogeneous but significant effects on collective bargaining. In Hungary, sectoral variation was striking: while the pharmaceutical industry maintained or even expanded bargaining, hospitality and tourism collapsed, yet in some cases the crisis paradoxically spurred new agreements that secured jobs and benefits. Montenegro displayed the steepest GDP decline in the region during the pandemic, but later benefitted economically from the war-related energy crisis, which created more favourable conditions for expanding workers' rights. In Romania, the pandemic prompted government intervention to extend expiring agreements and introduced new bargaining topics such as telework and health protection, while the energy crisis and inflation shifted attention towards wage indexation. Serbia revealed a fragmented picture: in transport, the pandemic severely disrupted operations, but in chemical and non-metal sectors the war in Ukraine had the greater impact, particularly through disrupted exports and raw material shortages. In Slovakia, crises weakened dialogue quality, but also broadened its scope, with bargaining increasingly shaped by refugee integration, inflation, and environmental commitments linked to EU climate policy. Slovenia presented the most ambivalent findings: some respondents considered the crises irrelevant to bargaining, while others observed stalling negotiations, hardened positions, and reduced space for compromise. Compared comparatively, Hungary and Romania demonstrated the strongest examples of crisis-induced innovation in bargaining practice, while Slovenia and Serbia showed greater fragility and stagnation. Montenegro and Slovakia highlighted the dual potential of crises, which on one hand imposed uncertainty, but on the other stimulated constructive adaptations in social dialogue. Taken together, these findings illustrate that crises act less as uniform obstacles than as catalysts which reshape the priorities, scope, and effectiveness of collective bargaining across different institutional and sectoral contexts.

VI. Crises and Collective Bargaining: Cross-Cutting Analysis

The impact of recent crises — including the COVID-19 pandemic, the economic downturn, climate change, and the war in Ukraine — on collective bargaining in Central and Eastern Europe (CEE) has been substantial but highly uneven. The interviews across the six countries revealed both commonalities and national specificities, producing a mixed and often contradictory picture.

1.COVID-19 Pandemic

The pandemic emerged as the most significant external shock across all six countries, though its effects varied by sector. In Hungary, Romania, and Slovenia, sectors such as hospitality and tourism were hit particularly hard, with widespread redundancies, postponed elections of works councils, and in some cases, the collapse of trade union structures. Yet, paradoxically, in several companies (e.g. in Hungary's hotel sector), the crisis catalysed collective bargaining, as agreements were quickly concluded on temporary wage reductions, downtime arrangements, and severance packages. In Romania's banking sector, COVID-19 shifted the bargaining agenda toward health and safety, teleworking conditions, and new benefit schemes, thereby strengthening trust between social partners. By contrast, in

Slovakia, pandemic-related issues centred on financing sick leave and wellbeing support, reflecting a more pragmatic and immediate adaptation. In Montenegro, social dialogue intensified as social partners were directly involved in designing state support measures, underscoring the crisis-management role of tripartite dialogue.

2 War in Ukraine and the Energy Crisis

The war's impact was far less uniform. In Serbia's transport sector, the effects were minimal, limited to route adjustments, while in the fertilizer and chemical industries, disruptions in supply chains and raw material imports were significant, exacerbating long-standing vulnerabilities dating back to 2014. In Slovakia, the war produced both challenges and opportunities: the surge in energy and fuel prices created financial strain, while the influx of Ukrainian refugees offered a new source of labour, necessitating employer support programmes. Romania's energy sector was heavily affected, with price caps and sanctions on Russian companies adding substantial costs. In Hungary, the pharmaceutical sector reported uncertainty linked to sanctions and extra-profit taxes, making employers more cautious and less inclined to negotiate. By contrast, respondents in Slovenia often reported little or no direct impact, apart from heightened employer resistance to new demands in a resource-constrained environment.

3 Climate Change

Climate change was almost universally marginalised as a topic in collective bargaining. With the partial exception of Slovakia, where ESG obligations and Net Zero commitments have begun to influence bargaining agendas, most respondents in Hungary, Romania, Serbia, Montenegro, and Slovenia either downplayed or explicitly dismissed climate issues as irrelevant to negotiations. When mentioned, climate change appeared indirectly, such as flooding affecting tourism in Hungary or rising energy costs prompting efficiency debates. Overall, environmental concerns remain peripheral compared to immediate economic pressures.

4.Common Themes

A number of common patterns can be observed. First, crises tend to shift bargaining priorities toward immediate survival issues, such as job protection, wage flexibility, and health and safety, while longer-term or innovative topics are sidelined. Second, the role of the state was decisive in shaping outcomes: where governments provided channels for consultation and support (e.g. Montenegro, Romania), collective bargaining was strengthened; where government action was unilateral or inconsistent (e.g. Hungary, Slovenia), employers and unions reported frustration and limited effectiveness. Third, trust between social partners emerged as a critical variable. In contexts where trust was already weak, crises deepened divisions, while in sectors with stronger traditions of cooperation, crises served to reinforce dialogue.

Comparative Summary

The comparative evidence suggests that crises in the CEE region act both as stress tests and as catalysts for collective bargaining. They expose structural weaknesses — fragmentation of unions, lack of representativeness, and rigid legal frameworks — but also create moments where rapid agreements are both possible and necessary. While the pandemic provided the clearest example of dialogue being reinvigorated in some sectors, the war in Ukraine and climate change have, so far, exerted more indirect and uneven effects. The overarching conclusion is that crises do not fundamentally transform collective bargaining systems in CEE but rather magnify existing strengths and weaknesses, underscoring the need for resilient institutions, trust-based relations, and supportive state frameworks.

Co-funded by the European Union

VII. Relation of National and Sectoral Social Dialogue

1. Hungary

In Hungary, the determination of the national minimum wage is mandated by law. Although the National Economic and Social Council is formally designated as the competent forum, it is widely regarded as unsuitable for this purpose. Consequently, negotiations are conducted within the Permanent Consultation Forum of the Competitive Sector and the Government (VKF), a tripartite body comprising representatives of the government, three employer organisations, and three trade union organisations, all of which were essentially appointed by the government.

In theory, the VKF may deliberate on a wide range of issues; however, in practice, its agenda is almost exclusively confined to the minimum wage. Interviewees emphasised that the government's pre-announced position usually prevails, underscoring the dominance of the state in the process. As one respondent put it, increases in the minimum wage are often disproportionate, "blowing up" the wage structure. Beyond agreements on minimum wage levels concluded in the VKF, there are virtually no tripartite or other agreements at the national level.

The interviews also revealed that representation in national forums is of limited practical value for many organisations, given the absence of established sectoral consultation mechanisms or binding collective agreements to strengthen their position. One respondent stressed the importance of well-functioning expert committees and genuine consultation, warning that current procedures too often reduce the role of social partners to mere "rubber-stamping" of pre-determined government decisions. While large employers may occasionally participate in ministerial or industry consultations due to their size and influence, many companies are excluded from this process altogether.

No meaningful link appears to exist between national and sectoral social dialogue. Respondents confirmed the lack of substantive consultation at either level on matters directly affecting the world of work. Although national decisions do not formally constrain company-level bargaining, they nonetheless exert indirect influence. For instance, a representative of the chemical industry explained that changes in national wage levels and real wages inevitably affect annual sectoral negotiations.

According to an interviewee from the pharmaceutical industry, employers derive little benefit from national minimum wage regulations. From their perspective, budgets already set a ceiling on wage expenditure "from above," while the statutory minimum wage exerts pressure "from below." In practice, increases in the minimum wage tend to cascade upward, as workers in higher categories also demand corresponding wage increases, producing a "squeezing effect" on the wage structure. For this reason, sectoral minimum wage regulations were also considered unnecessary, since these too would need regular revision and would impose additional costs on employers, further fuelling demands for wage adjustments across the board.

2. Montenegro

Interviews conducted in Montenegro emphasised that national social dialogue functions as an umbrella framework for sectoral-level negotiations. Its role is particularly significant because it can guide and influence the direction of subsequent sectoral dialogues. The active involvement of the state is considered essential, not only to provide oversight but also to enable the government to gain insight into the dynamics of sectoral negotiations. In this way, the state can better understand the obstacles encountered by social partners, thereby contributing to the refinement of practices and the overall strengthening of the national framework.

Although national dialogue provides the legal foundation and leaves room for sectoral dialogue, respondents agreed that participants at the national level should play a more proactive role in supporting and promoting sectoral negotiations. In addition, interviewees highlighted the need to strengthen the capacities of participants at both levels of dialogue. For this purpose, negotiations should be grounded in reliable data and accurate statistics, which would provide a comprehensive picture of the economy and the specific sector concerned. Establishing such an evidence-based starting point would create a more solid basis for meaningful and constructive sectoral social dialogue.

3. Romania

In Romania, interviewees in the banking sector stressed that since 2010 there has been no single collective labour agreement at national level. Attempts over the last 15 years by trade union confederations to negotiate a tripartite agreement have remained weak and largely unsuccessful. Employer representatives in the banking sector consider sectoral social dialogue to be more important than national-level dialogue. They argued that representative social partners at sectoral level should have greater room for manoeuvre in negotiating employment issues specific to their sector. Moreover, given that Romanian labour legislation is already highly detailed, they see little scope for substantive national-level agreements.

Trade union representatives, however, strongly disagree with this view. They maintain that national social dialogue remains important, and that the conclusion of a collective labour agreement (CLA) at national level would be both timely and useful. From their perspective, such an agreement would serve as a common foundation for further negotiations at sectoral and unit levels.

Similar divergences of opinion were evident in the energy sector. Union representatives stressed that a national collective agreement could establish a set of minimum rights for all employees and provide momentum for sectoral negotiations. Employers offered a different assessment. Some interviewees acknowledged that a minimalist national contract—covering only general principles—could serve as a baseline for more detailed negotiations at lower levels, thus creating a coherent hierarchy. However, most employers doubted the feasibility of such an agreement in Romania, pointing to divergent interests between unions, employers, and the government. They argued that both the government and employers would resist a national agreement, as it would reduce labour market flexibility and strengthen trade unions' bargaining power. Employers also highlighted a specific challenge in the energy sector, where many large companies are majority state-owned: any cost increases resulting from additional rights for employees, established through a national CLA, would directly impact the state budget.

As a result, many stakeholders see sector-wide negotiations as the most suitable framework for addressing industry-specific issues. Nevertheless, these are hindered by the fragmentation of trade unions and the difficulty of creating a uniform agreement for companies with diverse economic and financial situations. Consequently, many interviewees argued that unit-level bargaining remains the most effective mechanism, as it allows adaptation to local conditions. By contrast, national or sectoral agreements are often perceived as too general in content or too difficult to implement in practice.

4. Serbia

The Serbian interviews revealed that national social dialogue remains highly centralised, with the Social and Economic Council formally responsible for setting the minimum wage. However, in practice, the Council has made such decisions only twice in the past decade, in 2018 and again in 2024. Typically, the government determines the minimum wage unilaterally, reflecting its dominant role as the country's largest employer and the fiscal significance of minimum wage policy as a budgetary item.

A notable development occurred at the end of 2024 with the opening of negotiations on the adoption of a general collective agreement, which, if concluded, would elevate national social dialogue to a higher institutional level. According to respondents, such an agreement could help reduce unfair competition, curb the "grey economy," and establish a more level playing field for economic actors across Serbia.

5. Slovakia

In Slovakia, sectoral and national social dialogue are closely interconnected, with decisions taken at the national level—such as on minimum wages or working time—significantly shaping the scope of sectoral negotiations. Interviewees repeatedly emphasised that this relationship is not always optimally structured. For instance, state interventions, such as politically driven increases in the minimum wage or legislative changes adopted without prior consultation with sectoral actors, narrow the space for genuine sector-level bargaining.

Respondents noted that raising the minimum wage at the national level tends to increase employer costs, while also generating disproportions between employees in the public and private sectors. In practice, the number of workers earning the official minimum wage is relatively low, and many of those who do fall into this category are engaged in informal employment arrangements. Employers expressed concern that the minimum wage functions primarily as a politicised instrument, limiting their flexibility to tailor wages to sector-specific needs, particularly in low value-added positions. Similar frustrations were reported with regard to working time regulations, where employees often express willingness to work longer hours but are constrained by rigid statutory limits.

The functioning of tripartite dialogue was also described as inefficient. Respondents argued that the current framework often excludes relevant stakeholders from negotiations, leaving many smaller businesses without a voice.

Co-funded by the European Union

For example, the so-called "consolidation package" was prepared and adopted by the government without any consultation with social partners. Employers further criticised the law on the extension of higher-level collective agreements, which imposes binding obligations on all firms within a sector—even those who had no involvement in the bargaining process. This was described as a form of "decision about them without them," perceived as unfair and undemocratic, particularly by smaller companies unable to influence negotiations yet compelled to comply with their outcomes.

6. Slovenia

In Slovenia, interviewees stressed that sectoral social dialogue is effectively an extension of national dialogue, with sector-level negotiations confined to the parameters already established at the national level. As a result, tripartite agreements and measures adopted nationally—such as those concerning minimum wages, working time, or the tax treatment of labour costs—directly shape, and often constrain, the scope of sectoral bargaining.

Respondents consistently noted that national-level measures frequently tie the hands of sectoral negotiators, making meaningful bargaining difficult. In particular, the setting of the minimum wage by law leaves little room for sectoral adjustments. Trade unions typically focus on wage-related issues—such as raising the minimum basic wage or increasing holiday allowances—while showing little interest in addressing other matters through sectoral dialogue. Employers, in turn, argued that this narrow focus, combined with rigid legal frameworks, undermines the relevance of sectoral bargaining.

Interviewees further criticised the timing and transparency of national-level decisions. For instance, employers are required to prepare business plans in November and December, yet the labour minister announces the new minimum wage only in January. Similarly, discussions in the Economic and Social Council are often rushed, with limited time for consultation, and documents are frequently circulated under confidentiality, preventing wider input. Employers expressed frustration that national social dialogue often leaves them with little opportunity to prepare or respond, creating uncertainty and unrealistic expectations.

Respondents also pointed out that national-level agreements can generate distortions at the sectoral level, by raising expectations beyond what is financially sustainable in certain industries, reducing competitiveness, and discouraging investment in skilled staff. For example, the public sector wage system, which frequently offers more favourable conditions, has a spillover effect on private-sector bargaining, raising employees' demands while reducing employers' flexibility.

Finally, some respondents highlighted that the "right to disconnect", legislated nationally, illustrates the problematic relationship between levels of dialogue. While the law establishes the principle uniformly, its detailed implementation is left to company-level or sectoral agreements. Yet sectoral collective agreements have so far failed to provide clear guidance, leaving firms dependent on company-level arrangements or default legal provisions. This example illustrates the difficulties created when national regulation pre-empts sectoral dialogue without ensuring coherence across bargaining levels.

Comparative Summary

The interviews across the six countries reveal substantial variation in the relationship between national and sectoral social dialogue, yet several common trends can be identified.

In Hungary, national-level dialogue is formally institutionalised but largely symbolic, with the government maintaining dominance over decision-making. Sectoral dialogue has little space to develop autonomously, as national measures—especially on minimum wages—shape the bargaining environment in a top-down manner. Similarly, in Slovenia, sectoral dialogue is heavily constrained by national frameworks, with respondents describing their room for manoeuvre as "tied hands." National-level decisions not only predetermine the scope of negotiations but also raise expectations, reducing the relevance and effectiveness of sectoral bargaining.

In Slovakia, while there is more formal interaction between the two levels, employers expressed frustration that national interventions often crowd out sectoral autonomy. State-driven wage and working time policies, combined with the automatic extension of higher-level collective agreements, leave smaller businesses with little influence in a process often described as unfair.

By contrast, in Montenegro, national dialogue is perceived as an "umbrella framework" that can facilitate sectoral bargaining, provided that the state actively supports the process and ensures capacity-building for social partners.

Co-funded by the European Union

Respondents stressed that effective national dialogue can generate data, resources, and political support that strengthen sectoral-level negotiations rather than displace them.

In Romania, the absence of a national collective agreement since 2010 has shifted attention to sectoral bargaining, although views diverge between employers and trade unions. Employers in both banking and energy sectors generally favour sectoral autonomy, considering national agreements too rigid and unrealistic. Trade unions, however, see national dialogue as a necessary baseline to secure minimum rights and stimulate further negotiations at sectoral and unit levels. The divergence reflects ongoing tensions over how to balance flexibility with protection.

Finally, in Serbia, national social dialogue remains underdeveloped and heavily government-driven. The Social and Economic Council has played only a limited role in setting the minimum wage, with decisions usually taken directly by the state. However, the recent reopening of negotiations on a general collective agreement is viewed as a potentially significant step toward enhancing national dialogue, which could in turn create a more consistent framework for sectoral bargaining.

Taken together, the findings indicate that national-level social dialogue across the region often dominates or pre-empts sectoral dialogue, leaving limited space for genuine sector-level bargaining. Where national dialogue functions inclusively—as in Montenegro—it can serve as a supportive framework. Where it is absent, as in Romania, sectoral dialogue struggles to gain coherence, while in Hungary, Slovakia, Slovenia, and Serbia, strong centralisation tends to constrain sectoral autonomy. Ultimately, the effectiveness of sectoral dialogue depends not only on the legal framework but also on the degree of trust, transparency, and inclusiveness embedded in national-level institutions.

VIII. Areas of Employment Regulation That Could Be Improved by Sectoral Collective Agreements

The question of whether the thematic scope of sectoral collective bargaining should be expanded remains a subject of considerable debate across the region. While there is broad recognition that existing frameworks leave important gaps unaddressed, opinions diverge significantly on the extent to which sectoral agreements are capable of providing meaningful solutions. In some countries, interviewees stressed the need for greater flexibility and wider coverage at the sectoral level, pointing to regulatory overreach and the limitations of state-centred approaches. Elsewhere, however, respondents were far more sceptical, arguing that collective bargaining has already exhausted its potential and, in certain instances, even questioning its relevance in practice. These contrasting perspectives illustrate both the persistent demand for sectoral dialogue and the structural constraints that hinder its development.

In Montenegro, interviewees broadly agreed that sectoral social dialogue should be expanded to cover new topics, as numerous regulatory gaps remain. A similar conclusion was reached in Slovakia, where respondents argued that employment regulation should be delegated more to the sectoral level rather than being overregulated by the state. According to them, excessive reliance on legislation reduces flexibility and limits the added value of sectoral agreements.

In Slovenia, however, opinions were markedly more sceptical. Several respondents claimed that collective bargaining has already exhausted its scope, with three interviewees stating that there is “nothing left” that could be improved by a sectoral collective agreement. One participant even argued that, from the perspective of employers and HR professionals, it would be most sensible to abolish collective agreements altogether, since they are ineffective in practice or disregarded by legislators. Examples cited include the Working Time Records Act and recent reforms in labour taxation, where negotiators’ input was ignored. Another respondent emphasised that as little as possible should be regulated at the sectoral level, since rights determined at the national level already cascade downwards, leaving social partners with little freedom. Under this system, sectoral agreements can only expand upon rights already set nationally, which becomes problematic if the national standard is already too detailed or generous. As a result, the implementation of sectoral agreements becomes extremely difficult, except in cases where high levels of trust exist between the parties.

Despite these divergent views, interviewees across the region identified several areas where sectoral collective agreements could play a constructive role.

Co-funded by the European Union

1. Education and Vocational Training

In Hungary, many interviewees stressed that education and vocational training should be regulated at the sectoral level. Training was seen as particularly relevant in preparing workers for the impact of digitalisation, robotisation, and artificial intelligence. In the hospitality industry, employers highlighted the importance of consciously developing future-oriented skills, while in engineering the problem was staff attrition: employees often left their jobs after receiving employer-financed training. Respondents suggested that sectoral agreements could include provisions requiring new employers to reimburse the training costs incurred by the previous employer, thereby reducing disincentives for investment in skills.

In Serbia, interviewees from the transport sector identified training for dispatchers as a priority. Since dispatchers are responsible for supporting long-haul drivers, inadequate preparation undermines both efficiency and job satisfaction. Interviewees argued that dispatcher training could be regulated through sectoral collective agreements, ensuring a consistent standard of support across companies.

Romanian respondents also saw education and training as key areas for improvement, especially in the banking sector, where occupational standards and qualifications could benefit from sector-wide regulation. In the energy sector, technological changes such as automation and robotisation create efficiency gains but also pose risks of job losses. Interviewees argued that sectoral agreements should go beyond short-term arrangements over downsizing and instead address long-term workforce retraining, thereby enabling a sustainable transition to new technological realities.

Slovak respondents likewise emphasised vocational education and lifelong learning as crucial themes. They argued that sectoral agreements should promote continuous training to keep employees aligned with technological developments, ideally with state support. Similarly, Slovenian interviewees highlighted the need to strengthen vocational training, mentoring, and qualification systems. In their view, structured mentorship programmes—where experienced workers pass on skills and knowledge to newer colleagues—should form part of sectoral regulation to increase the attractiveness of professions and ensure long-term workforce development.

2. More Flexible Working Conditions – Working Time

Interviewees in several countries emphasised that working time remains one of the most pressing areas where sectoral collective agreements could play a constructive role. In Hungary, both the hospitality and construction sectors identified working time regulation as essential. In hospitality, the primary concern was the management of extraordinary working hours, while in construction respondents argued that sectoral agreements could introduce greater flexibility. A commonly cited proposal was the adoption of a one-year working time banking and payroll period *(Arbeitszeitkonto),* similar to practices in Austria and Germany. This would allow employers to adjust working hours and remuneration to seasonal fluctuations in demand, a mechanism that under Hungarian law can only be implemented through collective agreements.

Similar concerns were raised in Slovakia, where respondents stressed that flexibility in working hours should be prioritised in order to accommodate the needs of different employee groups and, in particular, to meet the expectations of younger generations. Serbian interviewees also identified working time as a key issue for sectoral agreements. They highlighted two specific aspects: first, the introduction of more efficient scheduling arrangements that balance professional and family responsibilities, and second, the regulation of overtime. The latter was seen as especially urgent in private road passenger transport, where drivers often exceed legal limits without adequate breaks or meals. Even in air transport, interviewees reported excessive flight hours among pilots, raising concerns for both worker welfare and passenger safety.

In Montenegro, respondents likewise argued that the organisation of working time should be regulated at the sectoral level. Slovenian interviewees concurred, noting that sectoral agreements could address holidays and absences, temporary periods of inactivity, seasonal work patterns, and the calculation of annual leave.

3. Health and Safety

Across all countries, health and safety were consistently regarded as topics that could be strengthened through sectoral collective bargaining. Hungarian respondents in the chemical industry emphasised the need for sector-specific regulation of hazardous working conditions. Serbian interviewees in the transport sector underlined the importance of improving occupational safety for drivers, including initiatives to reduce isolation and enhance job satisfaction.

Co-funded by the European Union

Romanian respondents also pointed to the importance of tailoring occupational safety and health (OSH) standards to the specific risks of each sector, with attention to equipment, work environments, and regulated hours for hazardous activities. Montenegrin and Slovak interviewees echoed this view, emphasising that OSH regulations differ considerably across sectors and would therefore yield better results if negotiated at the sectoral level.

4. Artificial Intelligence

Although rarely addressed in detail, Montenegrin respondents argued that artificial intelligence should be introduced into the agenda of sectoral collective bargaining. They noted that AI will reshape business models, alter work processes, and potentially affect employment levels. Despite its transformative implications, the topic has not yet been recognised in Montenegro as a matter requiring structured dialogue.

5. Employment-Related Benefits

Employment-related benefits were also raised as potential areas for sectoral regulation. Slovak respondents emphasised that benefits should be developed inclusively, meeting the needs of all employees rather than favouring specific groups. Slovenian interviewees highlighted the need to reform salary models, remuneration systems, and the taxation of incentives. High taxation of awards was seen as a barrier that could be addressed by introducing a tax cap. In addition, interviewees noted that sectoral agreements could regulate rights associated with seniority, reward employee loyalty, and provide stability in contexts where frequent job changes—particularly among younger workers—undermine continuity.

6. Other Suggested Topics

Several further themes were proposed across countries. Romanian respondents suggested that sectoral agreements should include provisions on telework, anti-harassment policies, inclusion in the workplace, and the promotion of equal treatment and non-discrimination. They also highlighted the importance of addressing pay equity and broader guarantees of social protection.

Montenegrin interviewees proposed the inclusion of climate change, data protection, and the green transition as bargaining topics. They stressed that such issues are increasingly relevant both for the sustainability of the economy and for Montenegro's EU accession process.

In Slovakia, sectoral dialogue was viewed as a tool to reduce employee turnover, for example by recognising seniority within agreements. Slovenian respondents advanced a wide range of proposals, including stricter regulation of probationary periods, clearer rules on reassignments within firms, and more precise definitions of shortage occupations. They also suggested reforms to the regulation of seasonal work, particularly in industries such as catering, hospitality, and textiles where labour shortages are acute. Current rules allow for only one-year seasonal contracts, which were considered impractical given that most seasonal jobs last three to five months. Respondents argued that simplified recruitment procedures and more flexible conditions would better align with the realities of the labour market.

Comparative Summary

Interviews across the six countries reveal that sectoral collective agreements are seen as a potentially valuable tool to improve employment regulation, though views differ markedly. In Hungary, Slovakia, Serbia, and Montenegro, respondents largely supported greater regulation at the sectoral level, particularly in areas such as vocational training, working time flexibility, and occupational health and safety. Education and lifelong learning were repeatedly identified as priorities, with interviewees stressing the need for training provisions to address technological change, including automation and digitalisation.

Working time arrangements emerged as a central issue in several countries. Hungarian and Slovak respondents advocated mechanisms such as one-year working time banking, while Serbian interviewees highlighted flexible scheduling and strict limits on overtime, particularly in transport. In Montenegro and Slovenia, sectoral agreements were viewed as appropriate tools to regulate absences, seasonal work, and holiday entitlements.

Health and safety regulations were also regarded as particularly suitable for sectoral-level bargaining, given the sector-specific risks and the need for tailored OSH standards. Employment-related benefits, including salary models, incentives, and recognition of seniority, were mentioned in Slovakia and Slovenia, while Romanian respondents emphasised issues such as telework, harassment prevention, and inclusion.

Several forward-looking topics were suggested but remain underdeveloped. Montenegrin interviewees called for the inclusion of artificial intelligence, data protection, climate change, and the green transition on the bargaining agenda. Romanian energy-sector respondents stressed the importance of collective agreements in managing workforce transitions arising from automation and restructuring.

By contrast, some Slovenian respondents argued that collective agreements are already overregulated and lack autonomy, with employers calling for less, rather than more, regulation at the sectoral level. This reflects a broader concern that excessive national regulation leaves little scope for meaningful sectoral negotiations.

Overall, while there is broad recognition that sectoral collective agreements could enhance employment regulation—particularly in training, working time, and health and safety—national contexts diverge. In some cases, sectoral bargaining is seen as an opportunity to modernise labour relations and address emerging challenges; in others, it is perceived as redundant or even obstructive due to rigid national frameworks.

IX. Minimum Wage Regulation

1. Hungary

According to a former Hungarian labour minister, the minimum wage does not affect all sectors equally. In sectors where wages are generally high, the statutory minimum wage is less relevant. Nevertheless, a sector-specific wage system may still be necessary, which would require negotiations, even if such negotiations ultimately depend on political approval.

Employer perspectives are highly fragmented, both across and within sectors. In the construction industry, employers see no need for sectoral minimum wage regulation. A similar position emerged in the chemical sector, where the employers' organisation argued against sectoral regulation, pointing to generally higher wage levels compared to the national minimum. However, within the same sector, some employers stressed that due to unattractive working conditions (e.g. four-shift systems, hazardous materials), sectoral minimum wages could help address labour shortages.

Employers in the engineering industry clearly support sector-specific minimum wages, arguing that employees in this sector create considerably higher social value compared to service-sector workers. In hospitality, sectoral minimum wages are supported in principle, but their introduction is seen as problematic in practice due to the prevalence of the grey economy. Only a stronger formalisation of wage payments would make sectoral regulation viable. The gas industry reported significant regional disparities in wage levels between eastern and western Hungary, suggesting that these differences warrant sectoral-level discussion.

Across the interviews, some voiced concerns that sectoral minimum wages could generate tensions among industries, raising questions about the basis for wage differentiation.

2. Montenegro

The Montenegrin interviews revealed perspectives similar to those in Romania and Serbia. While minimum wage levels are formally determined nationally (currently between €600 and €800 as proposed benchmarks), respondents acknowledged that sector-specific negotiations could be justified, particularly in industries such as tourism and transport. Sectoral regulation could strengthen the position of workers, improve retention, and help attract new employees.

3. Romania

In Romania, most respondents from the banking sector supported sectoral-level wage setting, arguing that minimum wages should reflect sectoral specificities. Indeed, a minimum wage was already introduced in the sector's collective agreement at the unit group level, largely at the request of trade unions, but also to demonstrate appreciation for junior employees.

Co-funded by the European Union

In the energy sector, employers and unions alike argued that national minimum wages are insufficient for highly qualified work, such as that performed by electricians. A sectoral minimum wage would therefore be fairer and more efficient, reflecting the complexity of the work and the economic limits of the sector. Employers nonetheless emphasised that sectoral minimum wages must function in parallel with a national baseline, which ensures basic protection for all workers and curbs informal practices.

4. Serbia

Serbian respondents likewise expressed support for sectoral minimum wages, viewing them as a mechanism to establish a level playing field and reduce unfair competition. Interviewees argued that such regulation could be particularly beneficial in the transport sector, where labour shortages—especially of professional drivers—pose risks to the functioning of the broader economy.

Large companies engaged in international supply chains could help transfer best practices into sectoral agreements, but concerns were raised that small and medium-sized enterprises may be unable to comply with such standards. Respondents stressed the need for effective supervision by both the state and social partners to ensure implementation.

5. Slovakia

The Slovak interviews presented a more nuanced picture. Some respondents argued that the minimum wage complicates bargaining and should be abolished, while others saw it as a vital protective instrument. A majority considered national minimum wage regulation sufficient, providing a stable baseline for sectoral negotiations.

Nonetheless, sectoral regulation was considered appropriate in specific cases, such as physically demanding or hazardous jobs, where sectoral agreements could add targeted benefits (e.g. higher pay, additional leave, or health-related protections). However, interviewees also warned that sectoral differentiation could generate tensions between industries, particularly regarding subjective assessments of job difficulty. Moreover, disparities between high-paying sectors such as IT or banking and more traditional industries could distort labour market incentives.

Overall, while the national minimum wage was viewed as an effective equaliser across Slovakia, respondents emphasised the need for flexibility to allow sectoral adaptation. Employers should retain the ability to adjust wages in line with economic conditions and company capacities.

6. Slovenia

In Slovenia, the minimum wage is determined annually by the Minister of Labour based on a set of indicators and is enshrined in national law. This system leaves little space for genuine social dialogue, as the minister's unilateral decision prevails. While this arrangement is often regarded as a success for trade unions, employers argue that it is detrimental to business competitiveness and the country's overall economic development. Sectoral collective agreements and lowest basic wages (NOPs) have not played a role in minimum wage determination or broader wage-setting systems for some time. Employers therefore feel "captive" to a process that is fixed, non-negotiable, and outside their influence.

A considerable number of interviewees argued that wage policy should be regulated at the sectoral level, replacing the current national framework. They emphasised that the national law on minimum wages fails to take into account the specificities of individual industries, which face distinct challenges and labour market conditions. Sectoral-level wage regulation would, in their view, enable greater flexibility and allow for fairer pay models adapted to each sector. With such flexibility, sectors that vary in their attractiveness to workers could be better balanced, contributing to the stability of industries and fostering a more predictable environment. Interviewees also noted that sectoral agreements could better regulate allowances linked to working conditions in particular industries, thereby addressing labour market challenges more effectively.

At the same time, interviewees acknowledged that this approach could also generate tensions between sectors. For example, low-cost industries such as textiles cannot realistically compete with high-tech or advanced manufacturing sectors in terms of wage levels, which risks exacerbating competitiveness gaps.

However, mirroring patterns observed in other countries, more than a third of Slovenian respondents took the opposite position. Some defended the national minimum wage system as enjoying broad social consensus and offering an appropriate, uniform baseline for all sectors. From this perspective, a national standard provides equality of treatment across the labour market and avoids creating new layers of complexity or burden. Several respondents

Co-funded by the European Union

expressed reluctance to introduce sectoral wage regulation, considering it outdated or unnecessary. For example, one employer argued that tariff classes are no longer updated or relevant, and therefore wage policy should remain regulated solely at the national level. Another suggested shifting from a monthly minimum wage to an hourly model, which would allow for greater flexibility in employment relations.

Finally, one respondent stressed that excessive focus on the minimum wage risks overshadowing other equally important elements of the employment relationship, such as vacation entitlements, work breaks, supplementary insurance, telework, and the broader regulation of working conditions.

Comparative Summary

Across the six countries studied, approaches to minimum wage regulation reveal both shared patterns and significant divergences. In Hungary, opinions are fragmented, often differing not only across sectors but even within them. Some industries, such as construction and chemicals, see no need for sectoral regulation, while others, like engineering or hospitality, argue for higher sector-specific minimum wages to reflect labour shortages, unattractive working conditions, or regional disparities. Romania and Serbia show stronger consensus in favour of sectoral regulation, particularly in complex and highly qualified sectors such as energy, where the national minimum wage is viewed as inadequate. Employers and trade unions in these contexts see sectoral agreements as a fairer and more effective way to adapt wage policy to the realities of specific industries, provided that national minimum wage regulation remains in place as a baseline. Montenegro's position largely echoes those of Romania and Serbia: while the national minimum wage is set by law, interviewees noted that sectoral negotiations could play an important role in industries like tourism and transport, both to improve worker retention and to attract new employees. In Slovakia, by contrast, the prevailing view is more ambivalent. Although some acknowledge that sectoral agreements could play a role in particularly demanding occupations, most respondents consider the national minimum wage sufficient, with sectoral regulation risking distortions or tensions between industries. Slovenia presents a particularly sharp division. While many argue that wage regulation should shift to the sectoral level to account for sectoral specificities and ensure fairer and more flexible pay models, a significant portion of respondents support maintaining the national framework, citing its broad social consensus and equalising role across the labour market.

Taken together, the comparative picture suggests that while national minimum wages provide an accepted baseline across the region, support for sectoral wage regulation is strongest where industries face acute labour shortages, high skill requirements, or unattractive working conditions. At the same time, scepticism persists in contexts where employers fear additional burdens, inter-sectoral tensions, or outdated regulatory models, leaving the balance between national uniformity and sectoral flexibility a contested issue throughout Central and Eastern Europe.

The interviews reveal that across Central and Eastern Europe, the idea of using sectoral minimum wages as a tool to prevent the "luring" or "poaching" of employees receives little support and is generally viewed as insufficient. In Hungary, views are divided. Some sectors, such as construction, accept worker mobility as part of normal competition, while others, such as engineering, propose mechanisms like requiring new employers to reimburse training costs. The chemical industry is split, with some arguing that higher sectoral wages could reduce employee migration, while others emphasise that workplace culture, benefits, and trust are more decisive retention factors. Romania reflects similar divisions: while banking employers argue that sectoral minimum wages would be irrelevant, as job mobility does not occur at the minimum wage level, employers in the energy and mining sectors see clear benefits, particularly in standardising labour costs across large and small firms and reducing unfair competition.

In Slovakia, respondents argue that turnover cannot be solved through wage regulation alone, as it is shaped by broader factors such as working conditions, career opportunities, and company culture. They caution that sectoral wage rules should only be introduced after careful analysis and stress the importance of education and retraining as longer-term solutions. In Slovenia, most respondents are openly sceptical. They argue that in a free labour market, workers will always exercise choice, and that preventing mobility through wage regulation is outdated. Instead, they highlight that loyalty and retention depend more on working conditions, benefits, flexible arrangements, and company-level initiatives than on wage floors. Several respondents emphasise that even if sectoral wages were raised above the national level, this would create distortions and negative consequences for wage structures and competitiveness.

Taken together, the comparative evidence suggests that while some sectors in Romania and Hungary see potential in sectoral minimum wages as a retention tool, the prevailing view across the region is that wages alone cannot prevent employee migration. Employers in Slovakia and Slovenia, in particular, stress that retention depends more on workplace quality, benefits, and long-term career development opportunities than on collective wage regulation. Thus, sectoral minimum wages may play a symbolic or supplementary role but are not regarded as a sustainable solution to labour mobility.

Co-funded by the European Union

X. Sectoral minimum wages as a tool to prevent the luring of employees

The interviews reveal that across Central and Eastern Europe, the idea of using sectoral minimum wages as a tool to prevent the “luring” or “poaching” of employees receives little support and is generally viewed as insufficient. In Hungary, views are divided. Some sectors, such as construction, accept worker mobility as part of normal competition, while others, such as engineering, propose mechanisms like requiring new employers to reimburse training costs. The chemical industry is split, with some arguing that higher sectoral wages could reduce employee migration, while others emphasise that workplace culture, benefits, and trust are more decisive retention factors. Romania reflects similar divisions: while banking employers argue that sectoral minimum wages would be irrelevant, as job mobility does not occur at the minimum wage level, employers in the energy and mining sectors see clear benefits, particularly in standardising labour costs across large and small firms and reducing unfair competition.

In Slovakia, respondents argue that turnover cannot be solved through wage regulation alone, as it is shaped by broader factors such as working conditions, career opportunities, and company culture. They caution that sectoral wage rules should only be introduced after careful analysis and stress the importance of education and retraining as longer-term solutions. In Slovenia, most respondents are openly sceptical. They argue that in a free labour market, workers will always exercise choice, and that preventing mobility through wage regulation is outdated. Instead, they highlight that loyalty and retention depend more on working conditions, benefits, flexible arrangements, and company-level initiatives than on wage floors. Several respondents emphasise that even if sectoral wages were raised above the national level, this would create distortions and negative consequences for wage structures and competitiveness.

Taken together, the comparative evidence suggests that while some sectors in Romania and Hungary see potential in sectoral minimum wages as a retention tool, the prevailing view across the region is that wages alone cannot prevent employee migration. Employers in Slovakia and Slovenia, in particular, stress that retention depends more on workplace quality, benefits, and long-term career development opportunities than on collective wage regulation. Thus, sectoral minimum wages may play a symbolic or supplementary role but are not regarded as a sustainable solution to labour mobility.

XI. Automation and Robotization

The interviews show that across countries and sectors, automation and robotization are understood as both an opportunity and a challenge, though their perceived relevance varies considerably.

In Hungary, employer views diverge. Some, particularly in the chemical sector, argue that robotics is not yet a realistic alternative due to the heavy financial investments required. Others in the same sector highlight its potential to reshape the labour market, partly by alleviating persistent labour shortages. Even within chemicals, perspectives differ: one group stresses that regulatory stability and competitiveness factors matter far more to firms than technological change, while others expect employers to increasingly weigh cost comparisons between machines and human labour. Pharmaceutical experiences underscore the global dimension: multinationals are gradually relocating activities to China and India, where expertise and quality have caught up and costs remain far lower, challenging Hungary’s role as a production base.

In construction, foreign multinationals face different constraints. Since order prices are fixed, they cannot offset labour costs by hiring cheaper workers, limiting the incentive to automate. By contrast, in the engineering sector, robotics is expanding, but employers still view Hungary as attractive because labour remains relatively affordable and unions are weaker than in Western Europe. In hospitality, automation is almost irrelevant, except in highly specific niches such as aircraft servicing. The light industry presents a more forward-looking stance: interviewees expect automation and robotics to play a central role in the near future, with multinationals increasingly assessing cost-effectiveness and adapting work structures accordingly. Here, training and retraining are emphasised as critical for workforce adaptation.

In Serbia, automation is seen through sector-specific lenses. In transport, full automation is considered unrealistic for the foreseeable future, given the lack of necessary infrastructure. In contrast, in the chemical and non-metal industries, technological progress is expected to bring substantial change, especially in system management. Interviewees believe that artificial intelligence will increasingly replace administrative tasks, signalling a gradual transformation of work organisation.

Overall, while automation and robotics are not uniformly seen as imminent drivers of change, there is broad recognition—especially in manufacturing and chemicals—that they will play a growing role in shaping labour demand. The main question for employers is not whether automation will come, but how its costs, feasibility, and sector-specific constraints will determine its pace and scope.

The Montenegrin interviews revealed no consensus on whether automation and robotization will alter the perception of multinational companies that currently locate much of their business in Central and Eastern Europe to take advantage of lower labour costs. Roughly half of the respondents believed that companies are not considering relocation, while others acknowledged that rising costs could eventually push some firms to reconsider. However, since Montenegro's economy is dominated by small enterprises, automation is not regarded as a particularly heavy burden at this stage.

In Slovakia, interviewees agreed that automation and robotization are transforming the labour market, particularly in manufacturing, though less so in retail. While these technologies are changing production processes, they are not expected to fundamentally alter the rationale of multinationals to operate in the region, given that labour costs remain comparatively low. Importantly, automation is viewed as incomplete: robots enhance efficiency but still require human oversight and maintenance, which increases the demand for skilled labour. This underscores the importance of vocational training and lifelong education to help workers adapt to new technological requirements. Certain sectors, such as hospitality, will continue to rely heavily on human labour, while retail workers often face growing workloads instead of automation, leading to burnout and turnover. To counteract these challenges, respondents emphasised retraining and stronger promotion of technical professions as essential strategies.

By contrast, Slovenian interviewees downplayed the urgency of automation and robotization as a decisive factor. For them, the greater challenge lies in structural issues such as high labour taxation, rigid legal frameworks, and bureaucratic obstacles, all of which undermine competitiveness compared to neighbouring countries. While automation may reduce the importance of labour costs, companies will still weigh factors such as tax regimes, investment incentives, and regulatory efficiency when deciding on location. Respondents highlighted Slovenia's advantages—such as a relatively well-educated workforce with strong language skills—but also pointed to its weaknesses, including limited workforce mobility and flexibility. Several stressed that automation mainly threatens low-paid or administrative jobs, while many physical and service-related tasks will remain dependent on human labour. Moreover, wage gaps between Slovenia and lower-cost regions in Eastern Europe and the Western Balkans are expected to persist, meaning multinationals are unlikely to shift operations away from these regions solely due to automation. Instead, respondents feared that Slovenia's high labour costs, particularly for highly qualified workers, will continue to encourage relocation to countries with more favourable tax regimes, regardless of advances in automation.

Taken together, these findings suggest that while automation and robotization are gradually reshaping work processes, they are not yet decisive in altering multinationals' preference for Central and Eastern Europe as a low-cost production base. Montenegro views automation as a limited issue due to its economic structure; Slovakia highlights the need to prepare the workforce through education and retraining; while Slovenia sees broader competitiveness challenges—taxation, regulation, and investment climate—as more pressing than automation itself.

An additional perspective emphasised that many multinational companies are already shifting activities away from Central and Eastern Europe towards countries outside the European Union, where labour and energy costs are lower and fiscal incentives or subsidies are more favourable. Whether robotization can reverse this trend is uncertain, as decisions about relocation depend on a broader mix of factors—labour costs, energy expenses, tax and subsidy policies, and the overall investment climate. Robotization alone will not determine location choices. Other elements, such as cultural proximity, language, and the legal security offered by Europe compared to regions like Africa, remain important considerations.

In Slovenia, however, companies face mounting challenges. Labour costs are rising rapidly due to a combination of high minimum wages, relatively high payroll taxes, labour shortages, new wage-related obligations, and even the increasing costs of employing students. The share of wage-related expenses is disproportionately high compared to neighbouring Balkan countries or Hungary, and taxation and social contributions continue to increase, placing additional burdens on both workers and employers. Slovenia also suffers from an unstable tax environment, where legislation and its interpretation by the Financial Office of the Republic of Slovenia (FURS) are subject to constant change. This unpredictability, coupled with the absence of an effective investment incentive policy, undermines Slovenia's competitiveness and makes it less attractive for multinational investment.

As one interviewee put it, automation and robotization are "never friends of employment and workers." Employers therefore face the challenge of creating added value in other ways, such as by shortening supply chains. Some production could be carried out closer to home at competitive costs, taking advantage of benefits such as lower transport expenses, improved quality, greater reliability, and more stable taxation. The respondent stressed that, even if margins are smaller, the long-term advantages of ensuring that "Made in the EU" is associated with higher quality and reliability could outweigh the appeal of cheaper production in distant markets such as China or India.

Across Central and Eastern Europe, views on automation and robotization reveal both shared expectations and national differences. In Hungary and Slovakia, automation is widely seen as a response to labour shortages, particularly in manufacturing and engineering, though there is broad agreement that it will not fully replace human work. Both countries stress the need for retraining and vocational education to help workers adapt to new technologies. Serbia shares this outlook in the chemical and non-metal sectors, where automation is expected to reshape system management and reduce administrative work, while in transport it is still seen as unrealistic due to infrastructural limits.

Montenegro's perspective is less uniform: while some employers expect higher costs to push them toward automation, many smaller companies see it as less relevant given their scale. Slovenia, by contrast, is more sceptical. Although automation is acknowledged as important, employers emphasise that high labour costs, unstable taxation, and an unattractive investment environment pose greater threats to competitiveness than robotization itself. Unlike in Hungary or Slovakia, Slovenian respondents stress that robotization alone will not keep multinationals in the country, as broader fiscal and policy issues are more decisive.

A similarity across all countries is the recognition that automation will not, by itself, change the perception of Central and Eastern Europe as a relatively low-cost region. Multinationals' location choices continue to depend on wider factors such as tax regimes, energy costs, and legal stability. The main difference lies in emphasis: while Hungary, Slovakia, and Serbia highlight automation as an opportunity for efficiency and skills adaptation, Slovenia frames it primarily as a challenge within an already unfavourable business environment, and Montenegro treats it as less pressing for its predominantly small enterprises.

XI. Other important circumstances considered important in sectoral social dialogue

1. What determines the „quality" of sectoral dialogue?

The quality of sectoral dialogue depends not only on legal frameworks but also on cultural, political, and institutional factors. In Hungary, a former labour minister argued that the weakness of sectoral dialogue stems primarily from political and cultural issues, particularly the lack of a social culture that encourages cooperation and compromise. A Hungarian light industry expert added that stronger cooperation is needed between sectors to defend European and national industries against increasing global competition from Asia and the United States, echoing the goals of the Clean Industrial Deal.

In Slovenia, interviewees stressed the importance of continuous communication between social partners and, crucially, with the state. Employers criticised the absence of state institutions from dialogue, which prevents the development of creative, mutually beneficial solutions. At the same time, the Slovenian light industry faces a shortage of skilled workers, which highlights the need for closer cooperation between companies, educational institutions, and social partners to improve sectoral competitiveness.

2. Balancing economic disparities and ensuring competitive neutrality

Sectoral dialogue can also play a role in addressing internal economic disparities and creating fair competition. In Serbia, uneven economic development has left some local governments undervaluing urban and suburban transport, often failing to meet their financial obligations for services provided. Political pressure to maintain unprofitable lines without subsidies further undermines sustainability. Interviewees suggested that a sectoral collective agreement could help resolve these problems.

In Romania, respondents stressed that uniform requirements across employers, including those involved in public tenders, would benefit employees while also reducing discrepancies between large companies, smaller players, and

Co-funded by the European Union

contractors. They emphasised that sectoral agreements should include service quality and operational safety standards, which would promote responsibility, sustainability, and competitive neutrality within the sector.

3. More optimal management and mutual benefits

Sectoral agreements were also viewed as a tool for rationalising resource management and improving efficiency. In Serbia, respondents argued that a collective agreement in the transport sector could help ensure optimal pricing, better use of resources, and ultimately higher service quality, with benefits for companies, employees, and the wider economy.

Slovak respondents similarly underlined that social dialogue should balance economic growth with a better quality of work environment. They cautioned, however, that excessive regulation, high labour costs, or bureaucracy could discourage investors and prompt multinationals to relocate, increasing unemployment.

In Slovenia, employers observed that sectoral dialogue has stalled in recent years, largely due to resistance from employees' representatives to any changes perceived as reducing workers' rights. Employers stressed that some flexibility would benefit everyone in the long run by supporting more sustainable business operations, but they acknowledged that this remains politically and socially sensitive.

4. Digital transformation, generational differences, and mental health

Digital transformation was repeatedly highlighted as a key challenge for the future of work and for sectoral dialogue. A Hungarian chemical industry expert stressed that sectoral dialogue must expand to address issues linked to automation and digitisation, including the management of generational differences in priorities, sustainability concerns, and the growing importance of mental health in the workplace.

In Slovakia, respondents underlined the need for specialised training for both employees and management to ensure that sectors can adapt to new technologies, particularly artificial intelligence, and thus maintain competitiveness.

Slovenian interviewees emphasised the impact of generational differences on expectations of work. Younger workers increasingly reject rigid employment models in favour of more flexible and tax-advantageous arrangements. Many do not prioritise long-term security such as pensions, focusing instead on short-term gains, while others lack trust in the state to provide adequate social protection. These attitudes pose challenges for employers, especially in sectors such as hospitality, which rely heavily on younger, often lower-skilled staff. Employers must therefore adapt to the shifting perceptions of younger generations, who tend to view employment more as a temporary stage than as a stable long-term arrangement.

5. The need for a new model of social dialogue and modernised legislation

Slovenian respondents argued that the current framework of social dialogue requires fundamental renewal. They noted that countries with a long tradition of dialogue, such as those in Western Europe, have developed systems in which social partners understand the need to make concessions for the long-term prosperity of society. In contrast, in countries like Slovenia, where social dialogue is less established, expectations that the same rules can apply are unrealistic.

Employers expressed frustration with excessive state intervention and outdated labour legislation. One example is the practice of placing companies on "black lists" that prohibit them from hiring foreign workers for minor infractions without due process, which respondents considered unfair and in need of reform. They also highlighted outdated acts such as the Workers' Participation in Management Act, the Strike Act, and the Trade Union Representativeness Act, all of which require modernisation.

Some employers suggested that collective bargaining frameworks should allow more flexibility at the company level. National or sectoral agreements could provide a fallback standard but grant more freedom to firms with their own collective agreements and functioning social dialogue structures. This approach would prevent rigid over-regulation while encouraging more tailored solutions.

Respondents also noted the imbalance in current bargaining practices, with trade unions primarily focusing on wages while employers wish to address normative issues such as working conditions, organisation, and management practices. They suggested that by opening the normative aspects of agreements to change and improvement, negotiations could generate outcomes that benefit both employers and employees in the long run.

Co-funded by the European Union

Summary

Across countries, the themes of digital transformation and the future of social dialogue reveal both common ground and divergence. In Hungary and Slovakia, the emphasis lies on preparing for technological change through sectoral dialogue and targeted training. Hungarian experts frame the challenge in terms of broader social issues such as generational priorities, sustainability, and mental health, while Slovak respondents highlight the need for specialised training to ensure competitiveness in the age of artificial intelligence.

Slovenia presents a different perspective, focusing less on technology itself and more on the changing expectations of younger generations. Respondents stressed that young people increasingly seek flexible, short-term arrangements rather than long-term stability, a trend that challenges traditional models of employment and collective bargaining.

Regarding the structure of social dialogue, Slovenia also stands apart in calling for a fundamental rethink. Respondents argued that their system is outdated, overly state-controlled, and constrained by obsolete legislation, leaving little space for meaningful negotiation. Hungarian and Slovak contributions did not raise such systemic critiques, but rather focused on adapting dialogue to technological and social shifts.

In sum, while Hungary and Slovakia see digital transformation as a practical challenge requiring training and new topics for dialogue, Slovenia frames the issue more broadly, linking it to generational change, state intervention, and the urgent need to modernise the very framework of social dialogue itself.

XII. Conclusions

The comparative analysis of Hungary, Montenegro, Romania, Serbia, Slovakia, and Slovenia highlights both shared challenges and striking national differences in the state of sectoral social dialogue.

Across all countries, weak cooperation, lack of trust, and fragmented representation emerge as core obstacles. Hungary and Serbia show particularly fragile trade union structures, while Slovenia and Romania emphasise mutual distrust between employers, employees, and the state. Montenegro, in contrast, stresses technical issues such as poor time management and limited negotiation skills. Incentives differ: in Romania and Slovenia, external pressure (EU frameworks, legal obligations) encourages bargaining, whereas in Hungary political will and cultural attitudes remain decisive.

State intervention is a double-edged sword. In Hungary and Slovenia, centralised and rigid regulation reduces sectoral flexibility, while in Slovakia instability and abrupt legislative changes hinder dialogue. Romania presents a paradox: while the legal framework formally obliges collective bargaining, over-regulation and lowered thresholds for union representativeness complicate practice. Montenegro's respondents favour more legislative space for sector-level agreements, while Slovenia highlights bureaucracy and rigid tax rules as a key deterrent.

Opinions diverge significantly. Hungary, Slovakia, and Slovenia are divided internally: some sectors call for sectoral wage floors to address labour shortages, while others oppose them as distortive or irrelevant in high-wage industries. Romania, Serbia, and Montenegro are more aligned, with broad support for sectoral minimum wages, especially in complex or labour-intensive sectors (energy, transport, tourism), where they are seen as tools to ensure fairness and reduce competition based on low pay. Slovenia stands out for its criticism of national minimum wage setting as rigid and politically driven, with some respondents calling for sector-based systems.

There is consensus that sectoral minimum wages alone cannot prevent the luring of workers. Hungary, Slovakia, and Slovenia stress that turnover is driven by working conditions, career prospects, and company culture rather than wage floors. Romanian and Serbian energy and transport respondents are more supportive of sectoral wage floors as a way to prevent unfair competition and stabilise labour markets. Across countries, the broader view is that retention depends on workplace quality, flexibility, and loyalty incentives rather than on minimum wage alone.

The impact of COVID-19, the war in Ukraine, inflation, and climate change varies widely. Hungary and Slovenia reported mixed or minimal impact on sectoral bargaining, though individual sectors (hospitality, energy) were hit hard. Montenegro and Romania experienced stronger effects, with crises fostering cooperation and introducing new bargaining topics (telework, health and safety). Slovakia showed the most systemic shift, with crises pushing sustainability, ESG, and refugee integration into dialogue agendas. Overall, crises often accelerated cooperation at company level, but rarely at the sectoral level.

Hungary and Slovakia see automation as both an opportunity and a risk, highlighting the need for lifelong learning and retraining. Montenegro remains divided, reflecting its dominance of small firms. Slovenia is sceptical, emphasising that labour costs and taxation, rather than automation, determine competitiveness and that traditional manufacturing jobs will remain necessary. Generational change is particularly noted in Slovenia, where younger workers' preference for flexibility undermines traditional long-term employment models.

All countries recognise deficits in dialogue quality, but their emphases differ. Hungary and Montenegro point to cultural and political barriers, while Slovenia stresses the absence of communication with the state and outdated legislation. Serbia and Romania highlight economic disparities and unfair competition within sectors, suggesting that collective agreements could level the playing field. Slovakia insists on balancing regulation with competitiveness to prevent relocation of multinationals.

Sectoral social dialogue across these countries remains uneven and often constrained by weak institutions, political interference, or fragmented representation. Yet common priorities—trust building, better training for negotiators, adapting to technological change, and more flexible but coherent regulation—are visible across all contexts. The comparative picture suggests that while crises and EU frameworks can stimulate dialogue, long-term progress depends on rebuilding trust, modernising legal frameworks, and shifting from wage-fixation toward broader topics such as skills, working conditions, and sustainability.

Co-funded by the European Union

COUNTRY REPORT – HUNGARY

This report provides an in-depth examination of the legal framework, practical realities, and future outlook of sectoral social dialogue and collective bargaining in Hungary. It draws on legal analysis, company-level survey data, interviews with stakeholders across multiple sectors, and the results of a national workshop focused on the future of sectoral dialogue.

Although Hungary has had a legal foundation for sectoral social dialogue since 2009—primarily through Act LXXIV of 2009 on Sectoral Dialogue Committees (SSDA)—actual practice lags significantly behind the legislative framework. With only one extended sectoral collective agreement currently in force (in the electricity sector), collective bargaining in Hungary remains predominantly company-based and limited to larger enterprises with structured trade union representation.

The report identifies persistent legal, structural, cultural, and political barriers to effective sectoral dialogue. These include representational fragmentation, low trade union density (particularly in SMEs), weak incentives for employer participation, limited government engagement, and a general lack of awareness and public support. Broader socio-economic challenges—labour shortages, inflation, digitalisation, and geopolitical crises—further shape the conditions for dialogue and bargaining.

Nevertheless, the research also highlights areas of potential progress. Stakeholder interest in vocational training, occupational health and safety, and wage regulation—particularly when linked to EU directives and funding conditions—may open opportunities for strengthening sectoral dialogue. Workshop discussions suggest that legislation, EU pressure, and stakeholder cooperation will be decisive in shaping the future of sectoral dialogue in Hungary by 2035.

I. Legal Regulation of Sectoral Social Dialogue and Collective Bargaining in Hungary

The emergence of collective bargaining in Hungarian law dates back to 1848, when the first collective bargaining agreement was concluded between printers and print shop owners in Hungary.[1]This agreement, the *Pricelist of the Printing Industry,* was the first in a long and varied history of collective bargaining in Hungary.[2]

The spread of collective agreements accelerated at the turn of the 19th and 20th centuries, driven by rapid industrial development and strong worker organisation.[3]

The rules currently in force on collective agreements are contained in Act I of 2012 on the Labour Code (hereinafter: the *Labour Code)* and Act LXXIV of 2009 on Sectoral Dialogue Committees and Certain Issues of Medium-Level Social Dialogue (hereinafter: the *Sectoral Social Dialogue Act,* SSDA). Issues related to the implementation of the SSDA are set out in Decree No. 22/2009 (IX. 30.) of the Ministry of Labour and Social Policy on the implementation of Act LXXIV of 2009 on Sectoral Dialogue Committees and Certain Issues of Intermediate-Level Social Dialogue.[^3]

Collective agreements may be concluded at the local level, between an employer and the trade union represented at the workplace. They may also be concluded at a higher level, where multiple employers—or an entire sector—negotiate with partner unions in the framework of a sectoral dialogue committee. Each level of agreement has its own advantages and disadvantages. While a sectoral collective agreement can create a level playing field across an entire industry, an employer-level agreement may better reflect local needs and specificities.[4]

The aim of this chapter is to present the legal regulation of sectoral-level social dialogue and (sub)sectoral collective bargaining.According to the preamble of the SSDA, which entered into force on 20 August 2009, the purpose of the Act is to promote the development of social dialogue at the intermediate level between organisations representing the interests of workers and employers; to strengthen the rights of these organisations to protect and represent their members' interests; and to define the institutional framework for sectoral dialogue. By doing so, the Act contributes

[1] Hágelmayer,Istvánné: *A kollektívszerződésalapkérdései.*AkadémiaiKiadó, Budapest, 1979, p. 61.
[2] Hágelmayer,Istvánné (1979): *op. cit.* p. 66.
[3] Hágelmayer,Istvánné (1979): *op. cit.* p. 67.
[4] Kártyás, Gábor: Kollektívszerződés. In: Gyulavári, Tamás (ed.): *Munkajog.* ELTE Eötvös, Budapest. 2023., p. 470.

Co-funded by the European Union

to the development of sectoral policies, the strengthening of orderly labour relations, the creation and maintenance of industrial peace, the improvement of working conditions, the spread of sectoral collective agreements, and the alignment of Hungarian practice with that of the European Union.[5]

According to the explanatory memorandum of the SSDA:

"…the establishment of a new institutional system in the domestic reconciliation of interests should be called for, which ensures consultation between the social partners at sectoral level, the spread of collective agreements, and the expansion of the possibilities for employers and employees to assert their interests in sectoral policy. If the institutional framework for sectoral social dialogue is properly established and functions in a balanced way, employers' and workers' representatives in a given sector can act together to develop the sector and decide autonomously on a significant part of the rules of conduct to be followed in the sector."

The Sectoral Dialogue Committees (hereinafter: *SDCs* or *Committees)* are statutory forums for sectoral social dialogue and operate on a bilateral basis: sectoral employers' and employees' representatives may be members.[6] The guiding principle is that no relevant workers' or employers' organisation in a given sector should be excluded from consultation. At the same time, organisations with greater support should have decisive influence in the decision-making process and in the conclusion of collective agreements. An extended sectoral collective agreement may only be concluded with the participation of a decisive majority of the sector.

Furthermore, the establishment of an autonomous institutional system for sectoral social dialogue enables Hungarian social partners to engage with European social dialogue institutions, which operate under similar structures. This provides an avenue for participating in European sectoral dialogue and for representing and defending specific interests directly through their European-level organisations.[7]

There are currently seventeen Sectoral Dialogue Committees registered in Hungary:

- Mining Sector Dialogue Committee
- Construction Sector Dialogue Committee
- Wood, Forestry and Furniture Sector Dialogue Committee
- Machinery Sector Dialogue Committee
- Trade Sector Dialogue Committee
- Light Industry Sector Dialogue Committee
- Road Transport Services Sector Dialogue Committee
- Private Security Sector Dialogue Committee
- Agriculture Sector Dialogue Committee
- Printing Sector Dialogue Committee
- Postal Sector Dialogue Committee
- Rehabilitation Dialogue Committee
- Urban Services Sector Dialogue Committee
- Rail Transport Sector Dialogue Committee
- Chemicals Sector Dialogue Committee
- Electricity Sector Dialogue Committee
- Water Sector Dialogue Committee[8]

Articles 5–10 of the SSDA regulate the membership and establishment of Sectoral Dialogue Committees. An SDC may be set up for one or more branches, sectors, subsectors, or specialised fields.[9]

According to Section 7(1) of the SSDA, participation in sectoral social dialogue is open to a sectoral trade union that meets at least one of the following criteria:

a) It has a body with statutory representative status or officers in at least ten employers within the sector, and its members employed by these organisations equal or exceed 1% of the sector's workforce; or

b) It has a representative body or officer in at least three employers, in line with its statutes, and its members represent at least 10% of the sector's workforce; or

[5] The preamble of Act LXXIV of 2009 on Sectoral Dialogue Committees and Certain Issues of Intermediate Level Social Dialogue (hereinafter SSDA.).
[6] Pursuant to Article 2(3) of the SSDA., the Sectoral Dialogue Committee is a body for bilateral social dialogue between sectoral employers' interest representatives and sectoral trade unions on issues of sectoral importance affecting labour relations and employment.
[7] General explanatory memorandum of the SSDA.
[8] Szabó, Imre Szilárd: Ágazatiszintűkollektívszerződésekésországosszintűszociálispárbeszéd. In: Gyulavári, Tamás – Kártyás, Gábor (eds.): *Árnyékjelentés a kollektívszerződésmagyarszabályozásáról.* Frierdich Ebert Stiftung, Budapest, 2024. p. 34, p. 59 (Annex 1).
[9] SSDA Section 2 (3).

c) At the time of application to the Sectoral Involvement Committee, in the establishments where it has a representative body or officer, its candidates obtained at least 5% of votes in the most recent works council elections held in the preceding five years.

On the employers' side, a sectoral employers' organisation may participate in social dialogue if:

a) Its members, classified in the branch according to their principal activity, employ at least 5% of the workforce in the sector; or
b) It includes at least forty employers classified in the sector by principal activity.

The Council of Sectoral Dialogue Committees (CSDC) is a tripartite body composed of representatives of the Minister, as well as the employee and employer sides of the SDCs.Its task is to provide the institutional framework for coordinating their activities. In this context, the CSDC and its respective sides may exchange information, issue opinions, make proposals, and adopt statements. The CSDC also adopts its own statutes on decision-making, organisation, and functioning, prepares a work plan, consults on financing for bilateral autonomous dialogue, and proposes to the Minister the members of the Sectoral Participation Committee (SPC) in accordance with Article 22 of the SSDA.

The SPC, composed of six members on a parity basis, decides on the creation and dissolution of SDCs, the participation of organisations within them, and compliance with the conditions for extending collective agreements. [^14] Two members are delegated by the Minister, while two are elected by the employers' side and two by the employees' side of the CSDC, from candidates nominated by CSDC members. Members serve five-year terms.[10]

The role of the SDC is to promote the balanced development of the sector and to implement autonomous social dialogue at sectoral level, aiming to ensure decent working conditions, safeguard industrial peace, and enhance the legitimacy of labour market processes.[11] Within this framework, the parties and other stakeholders exchange information, consult one another, and issue statements summarising their positions and proposals. SDCs may conclude collective agreements or other agreements and may request the Minister responsible for social dialogue to extend such agreements to the sector.[12]

The right to conduct collective bargaining at sectoral level and to conclude collective agreements is shared by all interest representatives on each side of the SDC.[13] If consensus is not possible, the following rules apply:

- All representatives on the side with decision-making power may jointly conclude the agreement; failing this,
- The representative organisations on that side may conclude the agreement jointly; failing this,
- The right is reserved to those representative organisations which, together, account for two-thirds of all representative organisations on that side.[14]

A collective agreement concluded in an SDC covers the members of the employers' organisation that signed it and their employees. It also extends to employers who later join that employers' organisation, and to their employees, provided that:[^18]

a) The trade union(s) entitled to conclude a collective agreement with the employer consent in advance to accession; or
b In the absence of such a trade union, the employees vote on whether to join the agreement. The vote is valid if more than half of the employees participate, and accession requires a majority of the votes cast.[15]

An important rule of the SSDA is that the scope of a collective agreement concluded in an SDC—covering rights and obligations arising from employment, as well as the procedures for exercising and fulfilling them—may be extended by the competent Minister. This is done on the joint request of both sides of the SDC, under the provisions of the National Economic and Social Council Act XCIII of 2011. After consulting the national employers' and employees'

[10] Petrovics, Zoltán: Az ágazatipárbeszédbizottságokésazÁgazatiRészvételt Megállapító Bizottság. *Munkajog,* 2017/1. pp. 72-73.
[11] SSDA Section 3.
[12] SSDA Section 4 (1)-(2).
[13] Szabó, Imre Szilárd (2024): *op. cit.* p. 34.
[14] SSDA Section 14 (5)-(8).
[15] SSDA Section 14 (5)-(8).

Co-funded by the European Union

organisations, as well as the competent sectoral minister, the agreement may be extended to all employers classified in the sector by principal activity.[16]

If the collective agreement was not concluded within an SDC, extension may still be requested jointly by the signatory organisations, in line with the SSDA rules.[17] Extension requires that the employers belonging to the signatory organisations together employ a majority of the sector's workforce; and at least one of the signatory trade unions is deemed representative under the SSDA.

There is, however, a view in the literature that the conditions for extending collective agreements should be simplified on the employers' side. In practice, it is almost impossible to meet the statutory requirement that the signatory employers must collectively employ a majority of the sector's workforce. Some propose reducing the threshold from 50% to 20–25%.[18]

II. Responses to the Questionnaire and Their Evaluation

1. Overview of the Hungarian Sample

The Hungarian database of the comparative study covering Central and Eastern European countries includes responses from 78 companies. However, due to a high non-response rate (with more than 20% of data missing), only 47 completions (60.3% of the total sample) were analysable. Although the sample size was reduced, it still provides relevant insights into the current state of sectoral social dialogue, collective bargaining, and company-level perceptions in Hungary.

Despite the limitations arising from the relatively small number of cases and the selective non-response, the distribution of the sample can be considered relatively balanced across sectors and company size categories. It is important to note, however, that micro-enterprises (1–9 employees) are entirely absent from the Hungarian sample, which may bias the findings towards larger organisational forms and enterprises with more institutionalised employee representation.

2. Trade Union Presence and Works Councils

In Hungary, trade union presence remains limited: 67% of the companies surveyed reported having no trade union. Where such representation exists, it is overwhelmingly concentrated in large companies (over 250 employees), which account for 86% of all workplaces with a trade union. This proportion reflects the general regional trend, in which trade union activity is mainly concentrated in larger organisations.[19] This is likely because establishing and maintaining representative structures requires considerable resources, and because human resource management and labour law practices are typically more formalised in large enterprises.

A similar pattern can be observed for works councils. The likelihood of having such a body increases sharply with company size: 61% of firms with more than 250 employees reported a works council, whereas in medium-sized and small companies this form of representation is rare or non-existent. This correlation once again confirms that institutionalised forms of dialogue are more prevalent in large enterprises, where administrative and organisational capacity is greater and compliance with legislation is more rigorously enforced.

3. Collective Agreements at Company and Sectoral Level

In Hungary, the prevalence of company-level collective agreements is low: only 30% of firms reported having such an agreement. The vast majority of these—85%—are in the largest company size category. The close correlation between

[16] SSDA Section 17 (1).
[17] Section 12 (2) a) of the SSDA, Section 17 (2) of the SSDA.
[18] Szabó, Imre Szilárd (2024): *op. cit.* p. 37.
[19] Szilvia Borbély – László Neumann: Neglected by the state: the Hungarian experience of collective bargaining: *Collective bargaining in Europe: towards an endgame.* European Trade Union Institute, Brussels, 2020. p. 298.

Co-funded by the European Union

company size and the existence of collective agreements suggests that the institutional framework for industrial relations tends to develop and function primarily in larger organisational settings.

The link between trade union presence and collective agreements is confirmed by a cross-tabulation of the two variables: in companies with a trade union, 29% reported having a collective agreement at the company level. This correlation highlights once again the central role of trade unions in conducting formal negotiations and institutionalising employer–employee relations.

At the sectoral level, collective bargaining is even less common. Only 17% of respondents indicated that a collective agreement exists in their sector. This limited prevalence suggests that the Hungarian industrial relations system is typically decentralised, relying mainly on company-level initiatives rather than sectoral coordination.[20] This phenomenon may reflect structural weaknesses in sectoral employers' and trade union organisations, or the fact that the legal environment does not provide sufficient incentives to conclude such agreements.

4. The State of Social Dialogue

The state of social dialogue in Hungary can be assessed from survey responses regarding its role in public policy and the factors shaping it.

As in other countries of the region, a majority of respondents (56% and 52%) expressed a negative view of government commitment to strengthening sectoral dialogue. Respondents were also sceptical about the ability of employers' organisations to influence policy through national social dialogue. Of the 40.4% who considered dialogue at least partially effective, only just over one-quarter expressed strong agreement. In comparison, lobbying by employers' organisations was viewed more favourably: 55.3% considered lobbying effective, although most respondents did not see it as effective at the level of individual employers. Overall, the responses outline a system in which formal social dialogue plays no central role, while organised lobbying serves as a meaningful alternative for employers.

Among the factors affecting social dialogue, economic developments stand out. Inflation and related issues such as the energy crisis and rising living costs were seen as decisive. Other relevant challenges included labour shortages, wage increases, and the broader economic downturn. By contrast, issues dominating the wider public debate were considered less significant: 38.3% of respondents said cyber security had no impact on sectoral dialogue, while 43.5% said the same of migration.

Among geopolitical developments, the coronavirus pandemic was considered significant by a narrow majority (53.2%), while the war in Ukraine was seen as relevant by just over one-fifth (21.7%). Views on the impact of digital transformation were polarised: while 34% agreed that teleworking and other atypical work arrangements influenced social dialogue, 43.5% responded "don't know" on the issue of the right to disconnect, suggesting the matter has not been raised prominently by employers.

Thus, in line with regional patterns, most respondents believe that the evolution of social dialogue in Hungary continues to be determined primarily by economic developments in the traditional sense.

5. Consideration of Possible Topics for Sectoral Social Dialogue

Feedback on possible topics for sectoral social dialogue provides valuable insights into company priorities in Hungary. Among the various topics raised, *health and safety at work* stands out as the most prominent and widely supported: more than half of respondents (53.2%) identified it as important, confirming its continued central role in employer–employee consultation. Similarly, *vocational training and apprenticeships* and the *organisation of working time* were favourably perceived and received considerable attention from respondents. This suggests that enterprises generally recognise the importance of workforce development and maintaining a balance between work and private life.

By contrast, there was significantly less interest in issues such as workplace harassment, the gender pay gap, or active ageing. These topics are often accompanied by uncertainty: over 40% of respondents answered "don't know," while fewer than 25% expressed agreement. This pattern may indicate limited company experience with such regulation or internal initiatives, but it may also reflect a weak institutional framework or cultural indifference to these issues.

A similar trend can be observed in relation to ecological and social sustainability. These too remain low priorities, with agreement levels barely exceeding one-quarter of respondents.

[20] Szilvia Borbély – László Neumann: Neglected by the state: the Hungarian experience of collective bargaining: *Collective bargaining in Europe: towards an endgame.* European Trade Union Institute, Brussels, 2020. p. 299.

Co-funded by the European Union

6. Alternative Ways of Setting the Minimum Wage

Survey responses on the hypothetical introduction of minimum wages through national or sectoral collective agreements present a mixed picture. Employers in Hungary do not appear strongly committed to setting a national minimum wage through a cross-sectoral collective agreement. However, despite considerable variation in responses, a small majority (51%) expressed at least partial agreement with establishing a mandatory minimum wage in a sectoral collective agreement.

When asked about the general benefits of sectoral agreements, support was higher, at over 67%. In both cases, however, agreement was marked by uncertainty: most respondents who answered positively selected only the option "tend to agree," while only a minority expressed strong support. No principled opposition to sectoral agreements—including those concerning wage-setting—was identified in the sample. Nevertheless, the scattered nature of the responses and the high proportion of "rather agree" answers suggest that support is not firm. Additional qualitative data collection would be necessary to clarify employers' positions on this issue.

7. Climate Change and ESG Activities

Hungarian companies appear strongly divided on the issue of climate change. The majority of respondents tended to be dismissive or indifferent. Agreement was particularly low in the services and manufacturing sectors, where sensitivity to climate-related concerns was weakest. A similar distribution of responses was observed regarding whether collective agreements reflect changes in energy prices or whether climate change influences social dialogue. Many companies either responded negatively or adopted a neutral stance, reflecting widespread scepticism and distance from the climate policy discourse.

This scepticism extends to ESG (environmental, social, and governance) activities. Only a minority of respondents fully agreed that employee representatives should be involved in discussions on ESG issues. A further 25.5% expressed a neutral position, while between 17% and 34% voiced partial or total disagreement.

Summary

The Hungarian responses to the questionnaire suggest a divided system of labour relations. On the one hand, there is structured trade union organisation and collective bargaining among large enterprises. On the other hand, small and medium-sized enterprises remain largely outside this formal institutional framework. The role of sectoral interest representation is negligible, and there is widespread scepticism about the effectiveness of both individual and collective representation.

Newer issues—such as gender equality, workplace harassment, and ecological sustainability—are not yet firmly embedded in the social dialogue agenda. Instead, traditional labour rights concerns, such as wages, working conditions, and training, together with economic challenges such as inflation and labour shortages, continue to dominate. At the same time, there is a pressing need to modernise interest reconciliation and expandarticipation across different company sizes and sectors.

III. Summary of Interviews with Stakeholders and Experts in Specific Sectors

1. Push and Pull Factors for Sectoral Collective Bargaining

Several interviewees identified the lack of trade unions—or their very limited presence and support in sectors such as construction and hospitality—as one of the main obstacles to sectoral collective bargaining. The absence of credible, autonomous worker representation undermines the legitimacy and viability of sectoral dialogue. Without a trade union presence, sectoral representation is virtually impossible, and the structural foundations of interest conciliation are weakened.

Difficulties also arise from the lack of cooperation between trade unions. Different sectors often have varying organisational cultures, communication styles, and expectations, which hinder collaboration. In the hospitality and tourism sector, for example, trade unions have weakened considerably, partly because public support has declined

Co-funded by the European Union

and many unions are struggling to survive. The COVID-19 pandemic intensified this trend: most companies either lost their unions or merged them with agricultural-sector unions. In 2022, these unions left and created a new organisation—the Hotel and Restaurant Workers' Union. Employers attempted to support this initiative, but legal requirements for a valid social dialogue forum will not be met for another two years. Another organisation in the hospitality and tourism sector confirmed that the lack of organisation on both sides is a fundamental problem. While a sectoral collective agreement would require both trade unions and employers' organisations, neither is sufficiently represented. At present, there is reportedly only one trade union with around 40–50% coverage, and no professional representation for hospitality, hotels, or other tourism subsectors.

The National Association of Tourism and Hospitality Employers (VIMOSZ) was originally created as an employer organisation but has since become active in many unrelated areas, such as VAT regulation, workplace catering, and car rental. Consequently, it does not function as a purely sectoral employer representation. According to interviewees, there is little perceived need for meaningful representation because the other side (workers) is also disorganised. This lack of organisation on both sides reduces the perceived need for a sectoral collective agreement.

In the mining, energy, and light industry sectors (textiles, clothing, leather, and footwear), representativeness remains a key challenge. Employers are often not sufficiently representative to support bargaining structures. In hospitality and tourism, the dominance of small and medium-sized enterprises further complicates employer organisation, since smaller firms are difficult to organise.

An interviewee from the chemical industry explained that Hungary has little tradition of collective bargaining, which contributes to its lack of recognition. Barriers include employers' resistance, weak worker organisation, and a general lack of collective thinking in the sector. Although a sectoral collective agreement exists in the hospitality industry, most of the sector is unaware of it or its content. When companies drafted their own agreements, they did not take this sectoral text into account.

Interviewees in several sectors (construction, machinery) reported that employers often fear collective agreements, believing they could create competitive disadvantages. Others added that employers fear trade unions more broadly and do not view them as genuine partners. A chemical industry interviewee emphasised that this "fear" of losing autonomy is even stronger at the sectoral level, where there is no real incentive—neither constraint nor added value—for concluding agreements.

One petrochemical employer explained that their company is so large—employing tens of thousands of workers and hosting several parallel unions with its own comprehensive collective agreement—that sectoral bargaining would add rigidity rather than flexibility. In sectors dominated by one or two large employers, sectoral agreements may be seen more as barriers than as opportunities. Smaller companies, with their different sizes and structures, are not in a position to influence the sector, and large firms see no reason to adapt to their needs.

In the machinery industry, employer organisations are practically non-existent. There are no standards to follow and little interest in professional organisations. The Hungarian Chamber of Commerce and Industry has not stimulated membership growth either. Neither sectoral nor employer-focused thinking is typical. The situation is somewhat better in the energy sector, though internationally owned companies remain reluctant to support employer organisations. This reluctance may stem from the fact that unions and employer associations are stronger in their home countries—something foreign owners are unwilling to replicate domestically.

Another barrier, noted by an interviewee from the construction sector, is the lack of incentives for collective bargaining. Sectoral dialogue committees can apply only for minimal funding, which has stagnated in recent years and lost real value due to inflation. Typically, in construction, each side uses these limited funds independently, as there is little cooperation at sectoral level. In the past, opportunities for joint projects—such as tender calls in occupational safety and health—created incentives for cooperation, but such mechanisms are now rare.

In the gas industry, the situation has worsened since the dissolution of the Gas Sector Dialogue Committee. Previously, employers and unions met regularly, but restructuring and changes in ownership since 2012 disrupted this. Foreign-owned companies left Hungary, ownership fragmented, union membership declined, and the electricity industry was merged under the same ownership. Today, one of the owners is a fully state-owned company, which means that without state approval, negotiations cannot even begin.

In the chemical industry, some employers considered collective bargaining irrelevant. One reported that although the company had a works council, employment conditions were fully determined by the market, and no collective agreement existed. In the past, there had been a union, but it dissolved when workers withdrew their support. According to this respondent, the main employee motivation for bargaining is job security. In the absence of a union, companies sometimes appoint workers' representatives to consult with management—for example, during plant closures. Still, the respondent stressed that trade unions complicate employer decision-making by limiting unilateral action.

Co-funded by the European Union

Another interviewee from the chemical sector pointed to broader labour market dynamics. A shortage of workers creates very different bargaining conditions than a labour surplus. Additional factors shaping bargaining include inflation, economic growth, profitability, the legal environment, and the strength of representation rights. While representation is still more common in large firms, union membership is increasingly rare among younger workers. He added that digitalisation and artificial intelligence are reshaping labour needs and bargaining priorities.

In the pharmaceutical industry, there is no sectoral collective agreement, only multi-employer agreements. According to interviewees, these texts lack substantive content and consist mostly of "slogans" and general principles. A multi-employer agreement covering 15–20 companies exists, setting out minimum conditions. Some companies also maintain local agreements with more detailed provisions, often more favourable than statutory standards. Trade unions attempted to initiate a review of the multi-employer agreement, but no progress was made. Originally, all pharmaceutical companies were members of the National Association of Hungarian Pharmaceutical Manufacturers (MAGYOSZ), but several firms have since left. Some joined the Innovative Pharmaceutical Manufacturers Association instead.

Pharmaceutical employers share a highly skilled workforce and face significant labour mobility within the sector. This creates a potential incentive for coordination, but in practice little action is taken. Multi-employer consultations take place, but no explicit sectoral forum exists. Sectoral employer representation exists, though not all companies participate. "Partial" cross-sectoral meetings are organised, but attendance varies, with only five or six companies regularly active. Within this framework, subcommittees such as the HR Committee bring together managers responsible for industrial relations.

Interviewees noted that collective bargaining is hampered by differences in economic situation, organisational culture, geographical location (capital vs. rural), and workforce composition. For example, some companies outsource services such as cleaning, meaning these employees are excluded from agreements. This creates inconsistencies: firms without such workers can easily commit to wage increases, while others are discouraged by the costs. Similarly, some firms cannot afford training for works council members.

A review of the pharmaceutical sector's multi-employer agreement began in February 2023 but collapsed by August, as no substantive issues could be agreed upon. The agreement therefore remains vague, filled with "soft" commitments such as "we will strive" or "we consider it important."

Low added value is another shared challenge in the sector. Reducing VAT was identified as a critical issue, as low added value unites employers around common interests. Wages in the sector are typically two-thirds—or less—of the national average. Service charges provide some relief, but tips have decreased significantly since the introduction of service charges, leaving workers with little improvement in overall income.

2. Obstacles and Stimuli in Sectoral Collective Bargaining

The question was: *Can you identify any legal or other obstacles hindering effective bargaining and any stimulus facilitating it?* Interviewees pointed to a wide range of political, cultural, organisational, and legal factors that continue to limit the effectiveness of sectoral collective bargaining in Hungary, while identifying only a few potential incentives.

According to one interviewee, the weakness of sectoral collective bargaining is largely political and cultural. In Hungary, the culture of collective action—cooperation, solidarity, and the belief in collective achievement—is weakly embedded in the national mindset. Workers often do not consider union membership important or believe it will improve their conditions. Even where trade unions exist, members frequently expect management to defend their interests rather than perceiving their own role in collective action. Employers likewise do not view negotiations with employees or trade unions as significant, as Hungarian workplace culture is more hierarchical and instruction-based. This is also why many employers' representative bodies function primarily as lobbying organisations targeting government authorities, rather than as social partners.

The government, too, was described as preferring to impose solutions rather than supporting local initiatives. It tends to be suspicious of autonomous advocacy, particularly trade unions, whose demands are frequently ignored. For the government, ensuring that its own position prevails in disputes is often seen as a matter of prestige. This centralising approach is reinforced by the legal framework, which relies heavily on national rather than local regulations, and does not follow the principle of subsidiarity. Employers, for their part, rarely urge negotiations with unions, in part because large companies and employer associations have established direct channels to lobby ministries and state authorities. Several interviewees also noted that after 15 years, it would be timely to review the law on sectoral dialogue committees in consultation with social partners.

Co-funded by the European Union

Structural barriers further complicate bargaining. In the construction and mechanical engineering sectors, the prevalence of small and micro-enterprises results in fragmentation, disorganisation, and weak cohesion, all of which hinder social dialogue. In the chemical and petrochemical industries, the varying size, complexity, and economic cycles of companies make it difficult to establish common bargaining structures. Employers in the pharmaceutical industry were also said to lack a sense of unity. Similarly, in the hospitality sector, the absence of solidarity and self-organisation was highlighted as a fundamental problem: as one interviewee put it, "everyone likes solidarity as long as they do not have to put it in the community."

Several interviewees expressed a pessimistic outlook, noting that the gap between the formal framework of sectoral agreements and current practice may not be bridged in the foreseeable future. In the hospitality and tourism sector, for example, participation rules are seen as a serious obstacle because they are ill-suited to a sector dominated by SMEs. Unionisation in micro and small enterprises is considered practically impossible under current conditions, and existing regulations do not provide opportunities for their participation. Some respondents therefore suggested sector-specific reforms of representativeness criteria, arguing that the current thresholds are unrealistic in fragmented sectors and prevent new unions with genuine membership from joining sectoral dialogue committees.

Others argued that legislation itself is not the main obstacle; rather, the problem lies in the lack of demand from employers for sectoral bargaining. As one interviewee remarked, "the will is missing to get something done." In the chemical sector, for example, both the Hungarian Association of Chemical Workers (MAVESZ) and the Federation of Chemical, Energy and Allied Workers' Unions (VDSZ) are representative bodies and long-standing members of the Sectoral Dialogue Committee, where they also cooperate at EU level. Yet their member companies consistently refuse to conclude a sectoral agreement, not because of legal obstacles, but because they see no practical need.

Changes to the Labour Code were also cited as having weakened the presence of social partners in workplaces, making advocacy more difficult. Today, only one extended sectoral collective agreement exists in Hungary—the Electricity Sectoral Collective Agreement. The lack of tradition in sectoral bargaining was also traced back to the regime change, when many organisations were dismissed as remnants of the socialist system, even though they had played important roles. Without strong trade unions, there has been no counterweight to encourage employer organisation, especially in SMEs. International companies likewise tend not to support collective structures domestically.

Interviewees from the pharmaceutical sector added that there are few, if any, incentives for collective bargaining. For many employers, sectoral bargaining is perceived as a "bygone tradition" or a "dying institution." Public interest is minimal, the press pays little attention, and even some unions have "opted out," considering sectoral agreements too vague and lacking in enforceable content.

Another recurring issue is the lack of awareness. Many workers and employers do not fully understand the concepts of "social dialogue" or "sectoral dialogue." Trade union work lacks prestige, recruitment of younger members is difficult, and the free-rider problem persists, as non-members benefit from agreements without paying fees. The government's stance compounds these difficulties: although supportive in principle, its practical actions are described as "non-unionist" over the past 15 years.

Interviewees also stressed the importance of trust and partnership. Open and honest communication is essential, yet often absent. Nevertheless, there are isolated examples of good practice—for instance, in parts of the hotel industry where social partners reportedly maintain weekly consultations and cooperate effectively.

In some cases, interviewees admitted they had little involvement or interest in bargaining. For them, working conditions were determined by market standards, and they only provided opinions when consulted by industry associations. Others pointed to tensions created by inflation and rising wage expectations: while employees demanded increases in line with inflation plus an additional margin, employers struggled to meet these expectations without undermining competitiveness. In the pharmaceutical sector, unions proposed introducing a sector-specific minimum wage, but employers rejected the idea outright.

Finally, some respondents highlighted the role of EU law. In the chemical and gas industries, EU directives and their transposition into Hungarian law were seen as potential incentives to strengthen sectoral dialogue. One example was the prevention of the termination of the electricity sector agreement thanks to intervention by the State Secretariat. Others argued that rules on representativeness and collective agreements should be revised in light of EU objectives to increase bargaining coverage across Member States. Allowing derogations from individual agreements through sectoral collective agreements could, in their view, encourage wider use of bargaining mechanisms, though such initiatives have been rare in recent years.

Co-funded by the European Union

3. Measures to Make Collective Bargaining More Efficient

The question was: *In your opinion, what would make collective bargaining more efficient?* Interviewees identified a variety of measures, ranging from stronger government recognition and funding to clearer legal incentives, improved knowledge, and cultural change.

According to one interviewee in the construction sector, efficiency could be enhanced if the government placed greater emphasis on recognising the advocacy work of the sector. The issue of funding was also repeatedly raised, as resources for sectoral social dialogue are scarce. Effectiveness, it was argued, could improve if sectoral dialogue committees were given positive incentives, for example by granting them a greater role in awarding sectoral prizes or recognition. A respondent from the hospitality and tourism sector recalled that in the past social dialogue was supported from the outset, with funding used for studies and the establishment of legal expert groups, but this support has steadily declined over the last twenty years.

An interviewee from the mining, energy and light industry sectors argued that incentives should primarily target the trade union grassroots, where mobilisation is weakest. One suggestion was that legislative incentives could play a role, for example by making orderly industrial relations a condition for eligibility in certain tenders, thereby encouraging companies to conclude collective agreements. The lack of knowledge about collective bargaining was also noted by a pharmaceutical sector respondent, who suggested that awareness-raising and best-practice sharing could support negotiators. However, this would need to be carefully balanced, since employers are reluctant to disclose wage information to competitors.

Several interviewees stressed that efficiency depends on open communication, mutual trust, and coordinated action. A pharmaceutical industry respondent argued that employers should cooperate not only with unions but also with government and sectoral authorities, strengthening their bargaining position by acting collectively. From the perspective of the chemical industry, collective bargaining could be more effective if companies were broadly engaged, objectives were clearly defined, and negotiations had firm deadlines. Respondents also underlined the need for a strong willingness to compromise and for prior agreement on the boundaries of negotiations, especially in areas such as business confidentiality, corporate structures, or rules prohibiting anti-competitive conduct.

The recent termination of the extended collective agreement in the construction sector illustrates the lack of incentives. Employers' associations may still issue recommendations, but compliance brings no tangible benefit, for instance in subsidy schemes or public procurement procedures. Several respondents suggested that compliance with collective agreements should be linked to advantages in tenders, tax breaks, or EU programmes, as is already the case in other regulated sectors such as energy, railways, public education, and health care. An interviewee in engineering also argued that it would be helpful if the Chamber of Commerce set wage scales as strong recommendations, similar to practices in those sectors.

Other proposals focused on strengthening trade union membership. One idea was that collective agreements should apply only to members, which would create a strong incentive for workers to join unions. A pharmaceutical sector respondent suggested that employers might also be more willing to participate if sectoral agreements allowed for more favourable derogations from lower-level agreements, giving them additional flexibility.

The interviews also revealed important sector-specific challenges. In the chemical industry, some respondents pointed to a shortage of chemistry teachers and the lack of coordinated sectoral initiatives in training, despite repeated calls from the Chemical Industry Association. Others emphasised that sectoral coordination might make sense in areas such as education or vocational training, but was often perceived as a disadvantage in wage agreements, where firm-level flexibility was seen as essential. According to one employer, foreign managers often find Hungarian labour regulations difficult to understand and are primarily focused on minimising concessions to employees. In such contexts, collective bargaining is regarded as outdated, since competition for labour takes place primarily through individual wage offers and poaching across firms.

A respondent from the chemical and gas sectors added that government support could play a decisive role, particularly in influencing state-owned employers. Separating the electricity and gas industries, rather than merging them under common ownership, was also seen as a potential way to revitalise sectoral dialogue. More broadly, several interviewees argued that a change in government attitudes is crucial. Greater recognition of the value of autonomous bargaining, stronger media coverage of dialogue institutions, and consistent inclusion of trade unions in consultation processes would, in their view, make collective bargaining significantly more effective.

4. The Impact of Crises on Collective Bargaining

The question was: *In your opinion, how did the crisis (Covid, economic, climate, war between Russia and Ukraine) affect collective bargaining in your sector?* Interviewees offered sector-specific accounts, pointing to significant disruptions in some industries, limited impact in others, and in certain cases even opportunities for strengthening social dialogue.

According to one interviewee in the chemical industry, the combined effects of these crises have been substantial. As one of the most energy-intensive sectors, the industry was severely affected by rising energy prices, trade barriers, and runaway inflation, all of which threatened profitability. Because the chemical sector encompasses rubber, pharmaceuticals, and other chemical production, divergent interests emerged: while the pharmaceutical branch profited during the pandemic, other segments faced serious decline. Negotiating jointly under these circumstances would have been highly problematic. Wage-related inflationary pressures, however, were identified as a common issue across all subsectors. Another employer in the chemical industry described a contrasting experience: although the onset of COVID was dramatic, effective local crisis management meant that the company ultimately emerged stronger. Transparent communication, employee involvement, and supportive measures played a central role. Annual employee surveys confirmed that staff rated the company's COVID response highly, with engagement reaching record levels. Business also flourished in 2021, a peak year driven by increased demand linked to supply chain disruptions. Practices introduced during the pandemic—such as flexible working hours and remote work—have since been retained.

Interviewees from the mining, energy, and light industry sectors emphasised that the crises exacerbated both the global and domestic economic situation, undermining the continuity of collective bargaining. The disruption of global supply chains created acute shortages of raw materials and components, particularly in light industry and energy production. The COVID pandemic and later the Russia-Ukraine war triggered waves of recession, with severe economic consequences for many companies. Inflation, currency depreciation, and rising labour costs further strained the capacity for dialogue.

In the construction sector, the impact of the crises was described somewhat differently. Interviewees stressed that the sector's primary challenge is the unpredictable supply of labour, which fluctuates with order volumes. The coronavirus epidemic disrupted activity in stages, first hitting design work and later affecting installation. The war in Ukraine is expected to create new demand for reconstruction, potentially enlarging order books. Yet the fundamental cyclical nature of construction—typically aligned with four- to five-year government spending cycles—has not been altered by these crises, though the war has prolonged the current downturn. A particularly acute labour shortage is expected in 2025, with difficult conditions projected until mid-2026.

By contrast, the pharmaceutical industry was described as largely insulated from these crises. One interviewee pointed out that demand for medicines remains stable even during global shocks, as evidenced by the resilience of the sector during both the COVID pandemic and the 2008 financial crisis. Another respondent added that the pandemic had limited direct impact on bargaining, though it indirectly influenced competition for labour: employers who could offer additional benefits enjoyed a competitive edge. During this period, consultation between workers and employers reportedly increased.

The hospitality and tourism sector was portrayed as the hardest hit. Interviewees spoke of the devastating effect of the pandemic, which led to the collapse of trade union membership and the suspension of works council elections. However, examples of resilience were also reported. At one hotel company, five collective agreements were signed during the pandemic, covering severance pay and re-employment opportunities; this enabled the firm to reopen ahead of competitors. Another respondent noted that union membership increased after the crisis, and that collective bargaining was reinforced where it had already been established. One employer highlighted that their collective agreement proved indispensable during the crisis, enabling rapid responses such as wage reductions of 25%, the introduction of downtime, and the management of collective redundancies. This flexibility allowed the company to retain hundreds of workers, which benefited both employees and management.

In other sectors, such as machinery, interviewees reported that COVID had little direct impact on bargaining, though it did accelerate changes in work organisation, such as the expansion of home office arrangements and heightened concerns over occupational health. In the chemical and petrochemical sector, one employer emphasised that the pandemic actually deepened cooperation between management and unions, as both sides pursued the shared objective of preserving jobs.

An interviewee from the chemical and gas industries explained that bargaining at sectoral level was absent, but company-level bargaining remained active. The gas industry weathered the pandemic without significant redundancies or wage cuts, owing to the sector's strategic importance and the lengthy training required for skilled technicians.

Co-funded by the European Union

In the machinery industry, the war in Ukraine had a distinctive impact through the arrival of guest workers, which, according to one respondent, altered workplace dynamics. Long-standing challenges of discipline and productivity among domestic workers reportedly diminished when Ukrainian and other foreign workers were introduced. The end of the war is expected to reverse this trend, with many Ukrainian workers likely to return home, while inflows from the Far East may increase. Interviewees also highlighted that the war directly affects the four determinants of the industry's competitiveness—raw material prices, energy costs, labour supply, and market demand. Should the war end, lower energy prices and renewed export opportunities could generate renewed prosperity.

Some employers also engaged directly with the humanitarian consequences of the war. One company reported providing accommodation and transport to refugees fleeing Ukraine. At the same time, certain consequences were described as detrimental to business activities, such as the dumping of cheap Ukrainian wheat, which negatively affected agricultural operations linked to industrial firms. In the gas sector, the relevance of the war was described in terms of price volatility. While distribution companies are relatively shielded, as their revenues depend primarily on tariffs rather than direct price fluctuations, they nonetheless incurred serious losses due to net metering margins—specifically, gas lost through theft or leakage—which had to be recovered from the market. Despite this, Hungarian companies in the sector reportedly managed to remain stable.

Climate change was not considered a factor in collective bargaining by the majority of respondents. A pharmaceutical industry interviewee stated plainly that global warming has no influence on negotiations. Nevertheless, indirect effects on production were acknowledged: falling Danube water levels or the stoppage of wind turbines can disrupt industrial output, and in hospitality, flooding linked to climate change has caused significant damage to catering establishments in floodplain areas. Rising prices connected to climate-related changes were also said to affect workers' living standards and the wages employers could realistically offer.

Gas industry representatives emphasised that global warming is relevant primarily in terms of long-term energy transitions. Although solar photovoltaic systems are reducing gas consumption, the sector remains labour-intensive and cannot operate with fewer employees. Given that the gas industry functions in a regulated market, close cooperation with the Energy Office provides stability, leaving employers with little room for independent manoeuvre.

Several interviewees—particularly from the chemical industry—argued that there is little or no direct link between these crises and sectoral-level collective bargaining. While company-level negotiations may be affected by issues such as remote work, flexible hours, or emergency responses in employment matters, these influences were described as secondary unless the crisis directly disrupted day-to-day operations. More pressing concerns for the chemical sector were identified in terms of European competitiveness, particularly with respect to China and the automotive industry. One respondent acknowledged that, lacking personal experience with collective bargaining, it was difficult to assess the exact impact of crises, but noted that the COVID epidemic had affected all companies in some way, as confirmed through partner organisations.

5. The Relationship Between Sectoral and National Social Dialogue

The question was: *How does sectoral social dialogue relate to national social dialogue? For example, are tripartite agreements (e.g. on minimum wages or working time) concluded at the national level, which affect the social partners' room for manoeuvre in the sector?*

According to several interviewees, the relationship between sectoral and national social dialogue in Hungary is weak and largely confined to the issue of the minimum wage. By law, national-level negotiations on the minimum wage must take place. The legislation designates the National Economic and Social Council as the forum, but since the government is not a member and the structure of the Council makes it unsuitable, the task is carried out instead by the Permanent Consultative Forum of the Business Sector and the Government (PCF). This tripartite body is composed of three government-appointed employers' representatives, three trade union representatives, and members of the government. In principle, the Forum could negotiate on any matter, but in practice it deals almost exclusively with the minimum wage. On several occasions, the government's pre-announced position has simply prevailed, reflecting its dominance in the process. For this reason, there is no meaningful link between the national-level negotiations and sectoral-level bargaining, and there are currently no other tripartite agreements at the national level.

Some respondents went further, noting that there are essentially no functioning tripartite agreements in Hungary beyond the minimum wage arrangements. One pharmaceutical industry interviewee remarked that "tripartite agreements" only appear to exist in Hungary, describing them as little more than a façade. Another added that there is no substantive connection between sectoral dialogue and national social dialogue.

MAVESZ, the chemical industry employers' association, is a member of the National Confederation of Employers and Industrialists (MGYOSZ), which participates in the national-level PCF on the employers' side. However, as multiple respondents pointed out, national social dialogue has for many years been focused almost exclusively on the minimum wage. While national agreements do not directly influence collective bargaining at company level, they do exert indirect effects. In the chemical industry, for example, wages are well above both the statutory minimum and the guaranteed minimum wage, but changes in the general wage level and real wages at national level influence annual bargaining rounds.

From the perspective of the construction industry, MGYOSZ plays a visible role in minimum wage debates and provides professional support to sectoral employers' organisations. Yet, beyond this, there is little substantial consultation either at the national or sectoral level on broader labour issues. Interviewees identified adult education and occupational safety as areas where meaningful consultation is urgently needed.

In the mining, energy and light industry sectors, respondents emphasised that national-level dialogue is currently limited to wage-setting (minimum and guaranteed minimum wage). In the past, the National Interest Conciliation Council was able to issue more technical opinions and operated with specialised committees. Such structures, they argued, are particularly necessary today. Similarly, the National Economic and Social Council is seen as unable to fulfil its potential role. Interviewees suggested that specialised committees and deeper consultations are essential if social partners are to be more than token consultees during legislative drafting, and if the legal environment is to be shaped through genuine social partnership.

In the hospitality and tourism sector, interviewees pointed to an indirect but visible connection through organisational overlap. VIMOSZ, the National Association of Tourism and Hospitality Employers, is a member of MGYOSZ, and its president also serves as vice-president of MGYOSZ. On the trade union side, there is a link to the League of Independent Trade Unions. Nevertheless, final agreements are seen as imposed by the government. One respondent cited the example of minimum wage negotiations, arguing that disproportionate increases distort the wage structure, creating both psychological and financial strain. This, they warned, could result in reduced investment, shorter opening hours, and even the closure of establishments. Another interviewee added that although VIMOSZ is formally represented in national forums, it carries little weight because it lacks the support of sectoral consultation practices or collective agreements.

In the chemical industry, several employers described the sector's presence in national-level fora as indirect. Views are channelled through representative organisations such as the Chemical Industry Association and chambers of commerce, or, on sustainability issues, through the Business Council for Sustainable Development in Hungary (BCSDH). Since there is no functioning sectoral collective bargaining in the chemical industry, national agreements are often treated as guiding principles. One large petrochemical employer, contributing significantly to national GDP, reported regular participation in ministerial and industry consultations, but acknowledged that many companies do not have access to such forums. Some chemical employers, however, admitted they had no information on national-level dialogue because they were not directly involved.

In the construction sector, employers highlighted the limitations of the current legal framework. For instance, many companies would prefer the option of a one-year working time frame, but this cannot be introduced without a collective agreement, leaving them dependent on national-level regulation.

In the electricity and gas industry, a sectoral collective agreement exists, reflecting International Labour Organisation standards. As a result, virtually all companies in the sector are covered by collective agreements. This sector is characterised by a large number of trade unions, a high and stable level of organisation, and robust bargaining at local level.

By contrast, minimum wage regulation has almost no effect in the pharmaceutical industry. Only one company reported paying more than a single employee at the guaranteed minimum wage level, a situation attributed to its location in Borsod-Abaúj-Zemplén County, where wages have traditionally lagged behind. In general, all MAGYOSZ member companies maintain their own collective agreements, which regulate working time more favourably than statutory provisions. According to one interviewee, national minimum wage policy constrains employers from both directions: budgetary limits restrict room for manoeuvre "from above," while statutory minimums exert pressure "from below." The increase of minimum wages for the lowest job categories triggers upward demands in higher categories, creating a "squeezing effect" that employers struggle to absorb. Respondents also stressed that the pharmaceutical sector has limited ability to adjust product or service prices in response to rising wage costs, due to regulation and the structure of the social security and pharmaceutical funding systems. For these reasons, interviewees saw little rationale for establishing a sectoral minimum wage, which, in their view, would further complicate wage structures and budgeting without offering compensating benefits.

Co-funded by the European Union

6. Areas of Employment Regulation That Could Be Improved Through Sectoral Collective Agreements

The question was: *Are there any areas of employment regulation that could (in your opinion) be improved by a sectoral collective agreement? If so, in which areas and with what possible content? Are there any subjects in your sector that would be worth being involved in under the scope of sectoral social dialogue (with the involvement of trade unions)?*

In the chemical industry, interviewees agreed that there is little prospect for a sectoral agreement on wages. However, there is considerable scope for agreements on working conditions, vocational education and training, and occupational health and safety. According to a chemical trade union leader, occupational safety is already a top priority in the sector, and a unified framework agreement could be beneficial. At present, each company negotiates its own arrangements, but greater uniformity would be preferable.

Employers' representatives in the sector also highlighted the role of the Sector Skills Councils, established in all sectors by the relevant ministry and the Hungarian Chamber of Commerce and Industry. These councils have undertaken substantial work in reforming vocational training, and cooperation between stakeholders has already begun in this area. However, they stressed that employees should take the initiative in pushing for collective bargaining. Worker representatives tend to focus primarily on wages, even though health and safety could be just as important. A sectoral collective agreement could also strengthen the culture of vocational training, which is crucial for the sector. Yet, despite their long-term interest in securing a skilled workforce, employers' commitment to such initiatives has so far been weak. Stronger collaboration with local organisations and training centres would be necessary to make progress.

Another area where sectoral bargaining could play a role is recruitment. Employers suggested that sector-wide arrangements could regulate recruitment processes, for example by establishing a shared platform that would allow workers to be "transferred" between companies in the event of redundancies within the sector.

In the hospitality industry, working time regulation emerged as the most pressing area for sectoral collective agreements. Employers argued that rules governing both standard and extraordinary working time are essential, alongside measures to promote skills development. Anticipating which skills will be required in the future is a key challenge, and the sector has already established a National Skills Group to address this issue. Short, targeted training modules could improve workforce adaptability, and the resulting added value could be distributed among the partners.

In construction, respondents emphasised that the key contribution of sectoral agreements would be to provide greater flexibility in employment conditions. This includes introducing a one-year working time frame or an accounting period (Arbeitszeitkonto) similar to arrangements used in Austria and Germany. Since 95% of construction work in Hungary is paid on an hourly basis, companies often face periods where they must continue paying monthly wages despite having no work to allocate. A one-year accounting period would better align labour costs with fluctuations in demand. In principle, such provisions could be introduced through a sectoral collective agreement and extended across the sector by ministerial decision, though respondents considered this unrealistic under current conditions.

Finally, the engineering industry highlighted the challenge of retaining employees after training investments. Many workers leave their jobs soon after completing employer-provided training. A possible solution, suggested by one respondent, would be to introduce regulations requiring the new employer to compensate the previous one for the training costs incurred.

In the gas industry, a trade union leader suggested that sectoral collective agreements would be particularly useful in regulating benefits. Even in their absence, however, employers tend to follow each other's wage practices, and similar benefit systems often emerge across the sector. While minimum wage regulations do not pose a problem—since wages in the sector are generally set above that level—the priority remains to ensure that wages continue to improve.

In the light industry, respondents emphasised the importance of expanding the number of sectoral collective agreements, particularly on pay and vocational training. In their view, vocational training should be addressed collectively by the social partners, who must anticipate the competences workers will need in the coming years. Ongoing digitalisation, including robotisation and artificial intelligence, is expected to transform many jobs, and sectoral agreements could play a crucial role in managing this transition. Meaningful negotiations and clear frameworks for collective agreements would thus be essential.

According to a former Minister of Labour, sectoral agreements should reflect sector-specific needs and harmonise practices in areas such as home office arrangements, working time regulation, wage bargaining, and joint training and retraining initiatives. The development of common rules in these areas, based on shared interests, could significantly improve the functioning of sectoral social dialogue.

Co-funded by the European Union

7. National Versus Sector-Specific Minimum Wage Regulation

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

In the chemical industry, employers' representatives generally do not consider it justified to regulate minimum wages through a sectoral agreement, as wage levels already deviate positively from the national minimum. Some respondents, however, suggested the idea of introducing wage scales by occupational groups, similar to certain Western European models. The likelihood of such an agreement is considered low, due to company resistance and the heterogeneity of enterprises in the sector. Trade union representatives in chemicals emphasised the acute shortage of skilled workers, noting that a higher minimum wage could provide an incentive for recruitment. Because the industry is perceived as less attractive—owing to factors such as shift work and exposure to hazardous materials—national minimum wage levels are not competitive. A sector-specific wage floor could therefore help address labour shortages, provided that measures such as government tax incentives accompany it. However, some respondents also recognised that introducing sectoral minimum wages could create tensions across industries, particularly regarding the criteria used to justify differentiation between sectors.

By contrast, the construction industry saw no need for sector-specific minimum wage regulation.

The engineering sector, however, expressed strong support for a sectoral minimum wage. Interviewees argued that the work performed in engineering generates far higher social value—up to three times greater than that of workers in service sectors such as tourism or seasonal employment. A sectoral minimum wage would, in their view, appropriately recognise the specialised skills and quality of work characteristic of engineering and energy sector employees.

The hospitality sector presents a more divided picture. While sectoral minimum wages are supported in principle through collective agreements, in practice they are seen as problematic due to the prevalence of the grey economy, in which wages are partly paid informally. Respondents noted that progress would only be possible if the system were formalised. Some employers, however, stressed that market conditions already push wages above the statutory minimum. Certain hotel chains have voluntarily introduced their own wage floors, set higher than the national minimum, to improve recruitment. For these employers, there is little incentive to formalise sectoral regulation, as competitive pressures already ensure higher wage levels.

In the gas industry, a union leader highlighted that wages are generally above the national minimum. Nonetheless, regional wage disparities—particularly between eastern and western Hungary and between the capital and other areas—make sectoral-level negotiation necessary to address inequalities.

The light industry perspective focused less on wages in isolation and more on their interconnection with working conditions, employment structures, and new forms of labour. Respondents pointed to the increasing reliance on atypical employment, including the recruitment of workers from third countries, temporary agency work, and flexible contracts. Such developments, they argued, have implications not only for light industry but also for other sectors such as battery production, metalworking, and chemicals. They therefore called for cooperative sectoral-level solutions to manage these transformations.

Finally, a former Minister of Labour observed that the minimum wage does not affect all sectors equally. In industries with already high wage levels, national minimum wage regulations have little practical relevance, though wage systems may still require negotiation. In such cases, government involvement would not be legally binding but political support would be essential to facilitate agreements.

8. Sectoral Minimum Wage Regulation and the Prevention of Labour Poaching

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

In the chemical industry, several interviewees argued that minimum wage regulation is not an effective tool for retaining workers or preventing poaching. Instead, they highlighted the importance of a positive company atmosphere, good working conditions, competitive wages, and benefits as the real determinants of low turnover. Recruitment data suggest that turnover in the chemical sector is relatively low compared to the broader labour market. A union leader added that job changes are driven less by pay and more by feelings of insecurity, lack of long-term perspective, and

Co-funded by the European Union

the quality of management. From this perspective, preventing the luring of workers is unnecessary, as it is considered a normal feature of competition.

Other voices within the chemical industry took a different stance, suggesting that if sectoral minimum wage regulation were to be introduced, it should be set well above the national minimum. This would reflect the specific challenges of chemical sector work, such as 12-hour shifts, protective equipment, uninterrupted operations, and handling hazardous materials. While this might make the sector more attractive compared to others, it would not resolve the problem of competition between companies within the sector itself.

In the construction industry, interviewees similarly viewed worker mobility as a normal part of competition and therefore not something to be prevented. An employer representative argued instead for liberalising the employment of third-country nationals, allowing construction firms to recruit under the same simplified procedures currently reserved for strategic intermediary agencies. At present, these agencies hold a monopolistic position, making recruitment more costly for employers.

In hospitality, respondents noted that short-term thinking among workers, rather than wage levels, is the main issue. Many employees have left the sector permanently, while vocational training has also declined. Guest workers from third countries now occupy many unskilled positions. Sectoral minimum wage regulation was therefore not seen as a solution to prevent poaching. Instead, some argued that well-structured employment packages—such as promotion systems, fringe benefits, or flexible conditions—could reduce turnover and make the sector more resilient.

In the engineering industry, one proposed response to labour poaching was the introduction of a form of "severance pay." Under this system, if a worker trained by one employer were recruited by another, the new employer would be obliged to reimburse the original company for its training investment.

In the gas industry, the main challenges are demographic. With half of the workforce set to retire in the next decade, the sector faces severe skill shortages. Wage pressures may increase, but labour mobility remains low; workers tend not to move even within the sector, preferring instead to leave for private companies linked to gas operations. A union leader could not confirm whether sectoral minimum wage regulation would address these dynamics.

The light industry perspective emphasised the absence of regional or sectoral wage regulation in Hungary. Interviewees argued that such arrangements, which exist in countries like Germany, could help reduce disparities between regions—such as the capital and the countryside—and in turn reduce labour mobility.

Finally, a former Minister of Labour argued that while sectoral minimum wage agreements might help, they would not be sufficient. A more comprehensive wage bargaining system would be required. Moreover, wages are not the sole driver of mobility: family-friendly policies, working hours, and overall workplace conditions also play an important role in employees' decisions to change jobs.

9. Automation, Robotisation, and Multinationals' Perceptions of Labour Costs in Central and Eastern Europe

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

According to a spokesperson for chemical industry employers, the perception of companies has essentially remained unchanged. The central issue is not labour costs per se, but whether the domestic workforce is sufficiently numerous and skilled to meet evolving competency demands. Within the chemical industry, a stable and predictable regulatory environment—particularly regarding taxation—and other competitiveness factors are regarded as more decisive.

A second expert from the chemical sector argued that the balance between robotics and human labour will be determined through comparative cost calculations. In the pharmaceutical segment, experience suggests that multinationals are shifting not to Central and Eastern Europe but to China and India, where tax systems are more favourable and production costs lower. Although Hungary has so far retained some activity due to its expertise and high-quality products, the COVID-19 pandemic accelerated China's catching-up in both quality and knowledge. For example, Chinese firms can now produce Clexane blood thinner for EUR 0.05, compared to EUR 0.18 in Europe. This trend suggests that the real competitive pressure is not within Central and Eastern Europe but from Asia.

Respondents also emphasised the growing shortage of skilled Hungarian workers. Employers increasingly offer higher wages to domestic skilled labour, while also recruiting foreign workers from countries such as Kazakhstan, Kyrgyzstan, or the Philippines. Yet barriers remain: many industrial processes are documented only in Hungarian, making language proficiency a prerequisite for participation.

Co-funded by the European Union

Employers expressed diverging views on the role of automation. Some argued that automation and robotics are not yet a realistic alternative, given the scale of investment required and current financial constraints. Others viewed automation as both inevitable and beneficial, given chronic labour shortages. In combination with retraining programmes, automation could help mitigate workforce deficits.

In the construction sector, automation is advancing primarily in building materials production, but it is not expected to become dominant in construction processes over the next five to ten years. Multinationals active in this sector cannot achieve higher profits by paying lower wages, as contract prices are standardised and skilled workers must be paid market rates.

In the machinery industry, robotics is playing an increasing role. Nevertheless, companies are unlikely to relocate from Hungary so long as labour remains cheaper than elsewhere and industrial relations remain comparatively uncontentious.

For the catering and hospitality sector, automation is seen as largely irrelevant, except in specific niches such as airline catering. Although isolated experiments exist (for example, Lukas Podolski's robot-staffed restaurant chain), respondents stressed that human contact remains central to hospitality, limiting the role of robotics. Even where automation replaces certain functions, new roles are expected to emerge within the sector.

In light industry, automation and robotics were identified as key challenges for the future. Their application is already gaining ground, with multinationals assessing cost-effectiveness before committing to such investments. Digitalisation is reshaping the labour market not only in automotive but also in larger light manufacturing firms. Respondents stressed that this transformation must be accompanied by robust vocational training and retraining structures. Expanding practical components in dual vocational training was seen as essential, given the growing shortage of skilled workers capable of managing new technologies. In light industry and beyond, human labour will continue to play a central role in Hungary, even as automation becomes more widespread.

10. Additional Circumstances Affecting Sectoral Social Dialogue

The question was: *Is there any circumstance not mentioned in questions 1–9 that you consider important for the situation of your sectoral social dialogue?*

The chemical employers' association emphasised the importance of "shaping attitudes" by presenting positive international examples that could gradually shift the currently rigid positions in Hungary. Another chemical industry expert highlighted the impact of digital transformation, which is expected to create new challenges for both the labour market and social dialogue. In particular, demographic changes, ageing populations, generational differences in priorities, sustainability concerns, and the growing importance of mental health and well-being all demand greater dialogue between social partners. The pharmaceutical union leader, however, stressed the lack of influence trade unions currently have on employer decisions, while nonetheless underlining the importance of collaboration.

Representatives of the machinery industry argued that the state, as an employer itself (e.g. MÁV, state-owned companies, Dunakeszi Vehicle Repair), should assume a more active role in promoting sectoral social dialogue. They noted that small and medium-sized enterprises (SMEs) form the backbone of the economy, and that greater state support for SMEs would strengthen the system as a whole.

The gas industry similarly pointed to the need for stronger national-level political will to support sectoral dialogue. Respondents suggested that past experiences with the Commission on sectoral dialogue could provide a foundation to build upon.

In light industry, experts observed that several branches of industry—including heavy industry, sugar production, and manufacturing—have been in decline in Hungary in recent years. They argued for closer cooperation between sectors to protect both European and national industries in the face of increasing competition from Asian and American actors in global value chains. This objective also aligns with the EU's *Clean Industrial Deal.*

Finally, according to a former Labour Minister, the weakness of sectoral dialogue in Hungary cannot primarily be attributed to legal shortcomings. Rather, the obstacles are political and cultural, rooted in a lack of supportive social culture for cooperation and dialogue.

Co-funded by the European Union

IV. Workshop on the Future of Sectoral Dialogue: Prospects for 2035

1. Presentation of Workshop Results

The central question addressed in the workshop was whether sectoral dialogue in Hungary will have a future in 2035, and, if so, what form it might take. Participants sought to identify the key stakeholders, their interests, and the trends likely to shape developments over the coming decade.

Stakeholders identified as having a potential interest in the future of sectoral dialogue included company managers, the heads of sectoral employers' associations, trade union leaders, legislators, political decision-makers, the Chamber of Commerce, individual workers, and the European Commission. Their relative interest and influence were, however, perceived quite differently. Company managers and employers' associations were seen as consistently interested, while trade unions were considered strongly motivated but comparatively weak in impact. Legislators were assessed as having little influence, with participants noting that preferential treatment of investors often overshadowed their role in promoting dialogue. Political leaders, although highly influential, were widely regarded as disinterested in the subject altogether. The Chamber of Commerce was rated as having medium influence and interest. Workers themselves, while under-informed, were recognised as having a fundamental stake in the development of effective dialogue. The European Commission was considered somewhat more influential than domestic unions or the Chamber, but still limited in its level of engagement.

The workshop also examined broader trends and the "drivers" likely to determine how sectoral dialogue will evolve. A first concern is the persistent decline in trade union membership, coupled with the ageing of the remaining membership. This dynamic is linked to dwindling organisational resources, difficulties in transmitting trade union values to younger generations, and a broader loss of confidence in the effectiveness of trade unions. The reduction of statutory protections for trade union officials under Hungarian labour law further exacerbates these challenges, as the individual risks of taking on union office increase.

A second issue raised was the growing importance of *social sustainability* in the world of work, particularly in light of the forthcoming EU Directive on corporate sustainability due diligence. Participants noted that requirements related to international labour standards, supply chain monitoring, and the enforcement of fundamental rights will increasingly affect the landscape of industrial relations.

Labour shortages were also highlighted as a critical trend. Participants unanimously concluded, however, that neither sectoral employment conditions nor collective agreements at this level can, in themselves, resolve problems of recruitment and retention.

Digitalisation and automation represent a further transformative factor. Their future trajectory will be shaped by three main drivers: persistent labour shortages, the availability of new technologies, and the pressure on firms to improve productivity and efficiency.

Finally, the spread of home office arrangements was noted as a significant trend. While remote work increases flexibility, it also contributes to the isolation of individual employees, making collective organisation and representation more difficult.

Of these trends, workshop participants stressed that the continuing decline and ageing of trade union membership is the most pressing factor shaping employer interest in sectoral dialogue.

The drivers considered to have the greatest impact on the future of sectoral dialogue were placed in a probability–risk matrix. The results highlighted legislation as the single most influential factor, although its long-term trajectory remains highly uncertain. European Union and international legislation, while binding by nature, were likewise assessed as subject to uncertainty when viewed from a ten-year perspective. The need to curb extreme employer behaviour was judged to have potentially significant impact with medium uncertainty. The enforcement of fundamental rights as defined by ILO standards was considered to combine high impact with relatively low uncertainty. By contrast, drivers such as the pursuit of efficiency gains and employer demand for automation were characterised by medium impact and low uncertainty, while the isolating effects of teleworking were assessed as having low impact and low uncertainty.

Overall, participants concluded that the future of sectoral dialogue in Hungary will depend heavily on the form legislation takes over the next decade and, more specifically, on whether the legal environment will incentivise employers to engage in sectoral-level bargaining. Opinions remained divided, with employer representatives stressing that sectoral agreements often limit flexibility. EU and international norms may therefore become the decisive factor:

Co-funded by the European Union

their compulsory nature already underpins the survival of Hungary's existing—albeit minimal—framework of sectoral dialogue.

Technological drivers were also discussed. While automation and efficiency gains are likely to reshape the labour market, it is uncertain whether the skills of the existing workforce will align with the demands of modern technologies. Although this driver was seen as moderately important and relatively predictable, participants questioned whether it would exert meaningful influence on sectoral social dialogue in practice.

The workshop further explored the motivations of key actors likely to shape the future of dialogue. For small and medium-sized enterprises (SMEs), the most pressing concerns were ensuring survival, stability, and competitiveness, supported by the ability to plan over two- to five-year horizons. Profit maximisation and managerial success were also cited as core motivators, alongside predictable labour market regulation and reliable access to labour. At the same time, SMEs tend to view the possible rise of trade unions or agile employers' associations as a threat, primarily due to fears of higher wage costs and increased administrative burdens resulting from national or EU regulation. By contrast, positive incentives could be generated through access to sectoral employers' associations, particularly where these provide valuable networks, market information, or support with recruitment. Workshop participants agreed that SMEs' willingness to cooperate will ultimately hinge on whether such mechanisms help ensure labour market predictability, for example through the organised employment of third-country workers.

Employees' motivations were considered more immediate: improving working conditions, safeguarding occupational safety and health, and achieving a balance between work and private life. At the same time, employees were perceived as lacking awareness of the potential benefits of extended sectoral collective agreements and as failing to recognise that organisation is a precondition for effectively asserting their interests.

Employers' associations were regarded as the most powerful motivating force overall. Their priorities included establishing a predictable framework for employment relations, ensuring that labour regulations reflect sectoral specificities, retaining skilled staff, maintaining effective lobbying capacities, and developing sector-wide recruitment platforms.

2. Formulating Summary Ideas

Despite the existence of a statutory framework—established on 20 August 2009 and now in force for almost sixteen years—Hungary has witnessed neither a significant expansion of sectoral dialogue nor the widespread conclusion of sectoral collective agreements.

Prior to the adoption of this legislation, a few notable attempts had been made. In the bakery sector, a collective agreement was concluded on 13 September 1995 and subsequently extended, in December of the same year, to cover all employers producing bakery products. However, the agreement was terminated by the signatory parties in 2013, leading to its withdrawal.[21]

A similar trajectory can be observed in the hospitality and tourism sector. A collective agreement was signed in 1997 and extended in 2001 to include hotels, restaurants, catering, workplace catering, and related subsectors. Although the agreement has never been formally terminated, it has not been amended since 2001. Importantly, the entry into force of the new Labour Code on 1 July 2012 required collective agreements to be aligned with its provisions. This adjustment did not take place, leaving the agreement without meaningful effect in practice.

In the construction industry, a sectoral collective agreement was signed in 2005 and extended in 2006 to cover a wide range of activities, including building demolition, excavation, test drilling, civil engineering works (such as bridges, tunnels, and utilities), roofing, waterproofing, motorway and airport construction, specialised training, electrical and water installations, insulation, plastering, carpentry, tiling, painting and glazing, finishing works, and the hire of construction and demolition equipment with personnel. Despite this broad scope, the extension of the agreement was withdrawn in 2023 following its termination, first by the employers' side and subsequently by the employees' side.

Taken together, these examples illustrate the fragility and instability of sectoral collective bargaining in Hungary: even where agreements have been concluded and extended, their long-term survival and practical relevance remain precarious.

The electricity industry provides the sole example of a sector in Hungary where an extended collective agreement remains in force. The collective agreement for this sector was originally concluded in 1995 and extended to cover electricity generation and distribution in the same year. Unlike in other industries, the agreement has been regularly amended and updated since its adoption, ensuring its continued relevance.

[21] mkir.gov.hu/expanded.php(Last accessed 21 April 2025).

Co-funded by the European Union

This exception, however, underscores the broader weakness of sectoral dialogue in Hungary. Although the regulatory background is formally sound, regulation alone is insufficient without the will, determination, and initiative of political actors and social partners. As a result, only one sectoral collective agreement with extended scope remains operational today.

The reasons for this stagnation are structural, cultural, and political. On the structural side, the representativeness criteria required for participation in Sectoral Dialogue Committees (SDCs) are too rigid for fragmented sectors dominated by micro-enterprises. Financial and procedural incentives to encourage bargaining are minimal, while institutional resources for sectoral dialogue remain scarce. Culturally, both trade unions and employer associations often lack the organisational capacity, cohesion, or willingness to engage at the sectoral level. Employers frequently perceive collective agreements as a competitive disadvantage, while unions, weakened by fragmentation and declining membership, struggle to exercise bargaining power effectively.

Politically, the environment is largely unsupportive. Government engagement with social dialogue has been described by stakeholders as symbolic at best and obstructive at worst. National consultations are typically limited to minimum wage negotiations within the Permanent Consultative Forum of the Business Sector and the Government, while broader tripartite agreements are rare.

Survey findings further confirm the decentralised character of Hungarian industrial relations. Collective agreements are concentrated in large enterprises, with SMEs—which constitute the bulk of the economy—largely excluded. Respondents expressed low trust in government commitment to dialogue and reported relying more on lobbying than on institutionalised bargaining. Moreover, new issues such as gender equality, sustainability, or digitalisation remain marginal, with dialogue still focused on wages, working time, and occupational health and safety.

Despite these challenges, the research highlights potential entry points for strengthening sectoral dialogue. Shared concerns such as vocational training, occupational health and safety, and skills development could provide common ground for cooperation. EU-level regulations, especially those tied to corporate sustainability and due diligence, may exert external pressure on Hungary to align with broader European expectations. Yet without strong domestic political will, external drivers alone will not suffice.

The foresight exercise conducted during the 2035 workshop reinforced this conclusion. The future of sectoral dialogue in Hungary depends on legislative reform, renewed institutional support, and a cultural shift toward more cooperative labour relations. Both employers and unions require tangible incentives—financial, procedural, and reputational—to participate in dialogue. The state, for its part, must act not only as regulator but also as enabler, ensuring that the institutional framework is equipped to support dialogue in a modern and diverse economy. Without such changes, sectoral collective bargaining is likely to remain the exception rather than the rule, leaving Hungary behind the EU's objective of significantly expanding collective bargaining coverage across member states.

V. Conclusions

Hungary's framework for sectoral social dialogue exists in law but remains underdeveloped in practice. Participation levels are low, institutional support is limited, and political commitment is weak. Structural barriers—including rigid representativeness requirements and the fragmented nature of labour representation—further constrain the scope and effectiveness of sectoral collective bargaining.

Despite these challenges, both employers and trade unions demonstrate interest in cooperating on specific issues of shared importance, such as vocational training, occupational health and safety, and skills development. With targeted reforms, stronger institutional backing, and greater public awareness, sectoral dialogue could be revitalised. Moreover, the strategic use of EU-level initiatives and obligations offers a potential lever for change. If effectively mobilised, these factors could transform sectoral dialogue into a more meaningful instrument for fostering inclusive, stable, and future-oriented labour relations in Hungary.

Co-funded by the European Union

COUNTRY REPORT – MONTENEGRO

Montenegro, the smallest country in this comparative analysis, offers a distinctive case for examining the dynamics of social dialogue and collective bargaining in a transitional socio-economic context. Since gaining independence in 2006, the country has pursued democratic and economic reforms with the goal of aligning its institutions and practices with European Union standards.

This study provides a comprehensive examination of Montenegro's legal and institutional frameworks, together with an assessment of recent economic trends that shape social dialogue and collective bargaining. It also explores the roles and perspectives of key stakeholders, drawing on survey data supplemented by interviews with employers and trade union representatives. By employing a combination of methodological approaches, the report seeks to highlight both the progress achieved and the persistent challenges that continue to influence industrial relations in Montenegro today.

I. Legal Regulation of Sectoral Social Dialogue and Collective Bargaining in Montenegro

1. Legal framework for social dialogue and the current situation regarding general and branch collective agreements

In Montenegro, social dialogue is regarded as a key mechanism for expressing the perspectives, needs, and demands of both employers and employees in relation to government policy. At the national level, the Social Council of Montenegro was established in 2008, following the adoption of the Law on the Social Council (2007). The Council was designed to strengthen social dialogue as a tool for improving the economic and social position of workers and employers, enhancing living and working conditions, promoting a culture of dialogue, and facilitating the peaceful resolution of individual and collective labour disputes. It also addresses issues arising from international labour standards and other obligations concerning employer–employee relations.

Amendments to the Law, introduced in 2011 and 2013, modified the status of Council members so that they were no longer considered public officials. These changes also reduced the number of representatives from government, trade unions, and employers to eight per stakeholder group, reflecting a more balanced but streamlined representation.

The Social Council's mandate is broad. It discusses and adopts positions on issues such as:

- the development and improvement of collective bargaining at national and sectoral levels;
- the impact of economic policy on social development and employment stability;
- wage and pricing policies, competition, and productivity;
- occupational health and safety;
- environmental protection;
- education and vocational training;
- healthcare and social security;
- demographic trends;
- obligations linked to the International Labour Organization (ILO); and
- other matters relevant to the implementation and enhancement of economic and social policy.

The representative social partners in Montenegro include the Montenegrin Employers' Federation on the employers' side, and two representative trade unions: the Confederation of Trade Unions of Montenegro (SSCG) and the Union of Free Trade Unions of Montenegro (USSCG).

Concerning the levels of collective agreementst, pursuant to Article 182 of the Labour Law, collective agreements in Montenegro may be concluded at three distinct levels: the general collective agreement, the branch (or sectoral) collective agreement, and the employer-level collective agreement.

Co-funded by the European Union

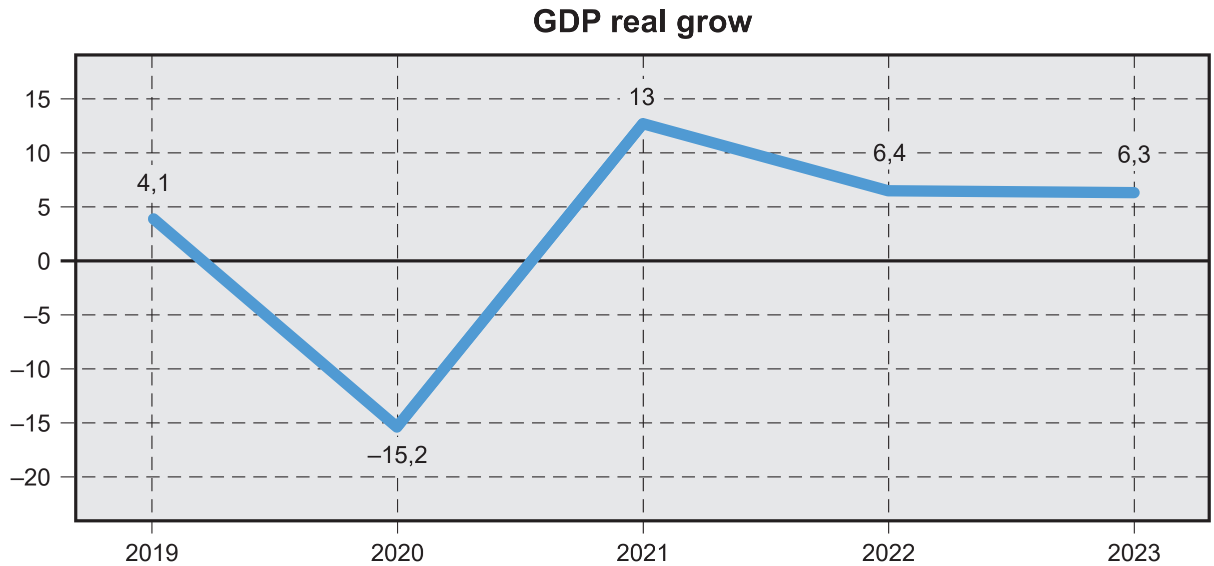
The general collective agreement is concluded at the national level and is binding on all employers and employees throughout the country. It is negotiated and signed jointly by a representative trade union organisation, the representative employers' federation, and the Government.

The branch collective agreement applies to a specific sector or industry and binds all employers and employees operating within that branch. Its conclusion depends on the ownership structure of the relevant sector. In the private sector, such agreements are entered into between the representative employers' federation and the representative trade unions. In enterprises that are state-owned or majority state-owned, the employers, the trade unions, and the Government all participate in the process. In the case of public institutions, social security organisations, state authorities, and municipalities, the branch agreement is concluded between the representative trade unions and the relevant founding authority.

Finally, the employer-level collective agreement is negotiated between a specific employer and the representative trade union, and it is binding exclusively at the company level. In companies, institutions, or other public services established by the state or by local self-government, the agreement must additionally be signed by the director of the institution and the competent management body, alongside the representative trade union(s).

2. Economic environment and labour market trends (2020–2024)

As a small and highly open economy, Montenegro has been profoundly affected by the shocks of the COVID-19 pandemic. Given the structure of the Montenegrin economy—heavily reliant on services, particularly tourism and hospitality—the consequences of the crisis were especially severe. In 2020, Montenegro recorded the sharpest GDP contraction in its modern history, with growth falling to -15.3%. This decline was primarily the result of strict government measures, based on World Health Organization (WHO) recommendations, which placed extensive restrictions on tourism activities, effectively halting the country's main source of income.



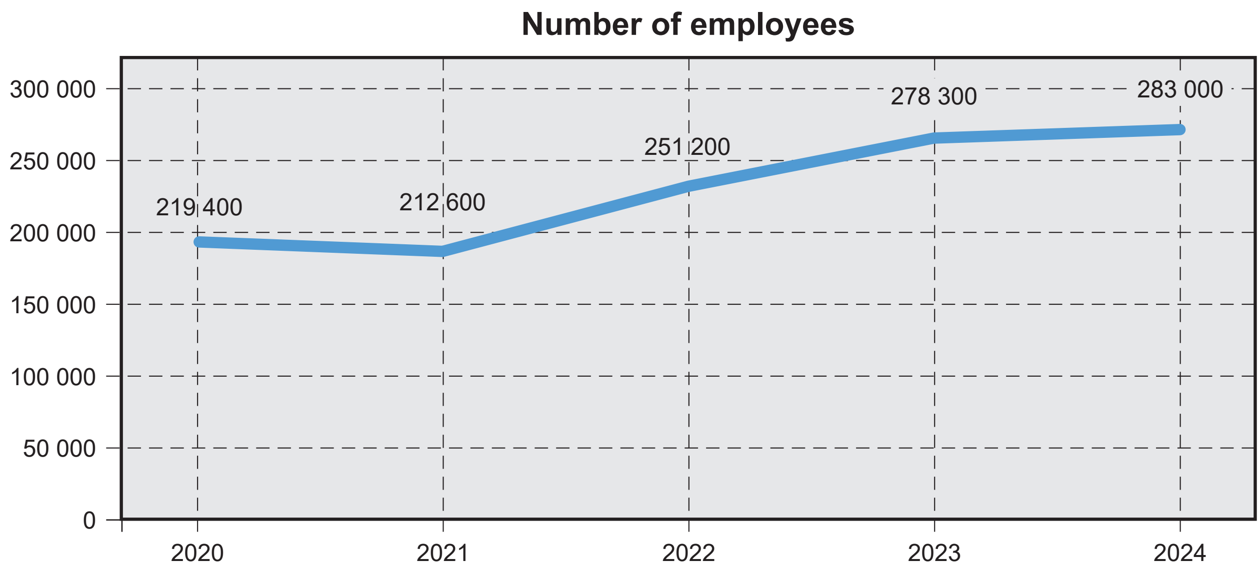
Graph 1: GDP grow rate in Montenegro
Source: MONSTAT, www.monstat.org

Following the severe contraction in 2020, the Montenegrin economy rebounded strongly, driven initially by the recovery of tourism but also by growth in other sectors. The onset of the war in Ukraine further influenced these dynamics, as Montenegro received a substantial inflow of refugees and expatriates. Since 2022, it is estimated that over 100,000 foreigners have been residing and working in the country, significantly contributing to labour supply and domestic consumption.

In 2022, the government also implemented a major wage reform, raising the statutory minimum salary. Combined with the presence of foreign residents and rising investment—particularly in the construction sector—this policy boosted domestic demand, fuelling robust economic growth.

However, recent data suggest a moderation of growth. GDP growth in 2024 is projected at 3.8%, reflecting a slowdown compared to the immediate post-pandemic rebound. According to the Fiscal Strategy of Montenegro 2025–2027, the economy is expected to grow by 4.8% in 2025, before stabilising at 3.1% in 2026 and 3.2% in 2027.

Labour market developments follow a similar trajectory. After a sharp decline in employment in 2021 due to the pandemic, the number of employees increased as the economy recovered. This trend was reinforced by methodological changes in employment statistics, which also contributed to the recorded rise in employment levels.



Graph 2: Number of employees
Source: MONSTAT, www.monstat.org

According to government projections, the number of employees in Montenegro is expected to grow annually between 2025 and 2027—by 2.6 percent in 2025, followed by annual increases of 1.7 percent in subsequent years. Labour market trends also indicate a steady increase in wages since 2022, further signalling recovery from the COVID-19 crisis. At the same time, the war in Ukraine and related developments have had unexpectedly positive effects on Montenegro's economy, primarily through increased consumption and labour market participation by foreign residents.

Nevertheless, structural challenges remain significant. More than 22,000 companies currently operate with blocked accounts, and intercompany debt exceeds 1.2 billion euro, which is double the level recorded in 2019. Persistent shortages of qualified workers, coupled with continued brain drain, also threaten long-term competitiveness. While the Montenegrin economy has clearly recovered from the shock of 2020, deeper reforms are required to address systemic weaknesses in the business environment—an essential precondition for effective social dialogue and collective bargaining.

The 2024 European Commission report on Montenegro underlines these concerns, emphasising that the dynamic development of both local and foreign companies is hindered by the informal economy, inefficiencies and delays in dealings with public administration, and the excessive complexity of the legal framework.[1] It also points to the heavy administrative burden associated with parafiscal charges, the insufficient quality of e-services, the lack of transparency in decision-making, arbitrary interpretation and enforcement of laws by public authorities, and restricted access to finance for small and medium-sized enterprises.

[1] Directorate-General for Neighbourhood and Enlargement Negotiations: Montenegro Report 2024. https://enlargement.ec.europa.eu/montenegro-report-2024_en (23. 04. 2025.).

II. Summary of Interviews with Companies and Trade Unions

To complement and verify the findings of the online survey, the Montenegrin Employers' Federation conducted a series of in-depth interviews with employers across different sectors. In order to ensure a balanced perspective, representatives of sectoral trade unions were also included. The interviews were structured to elicit detailed reflections on several key topics, including the legislative framework, the process of collective bargaining, and the broader impact of external shocks such as the COVID-19 pandemic and the war in Ukraine.

The interviews were carried out by an experienced facilitator and followed a uniform set of prepared questions, ensuring comparability of responses across participants. What follows is a synthesis of the views expressed by employers and trade union representatives, highlighting both shared assessments and points of divergence.

1. Push and Pull Factors for Sectoral Collective Bargaining

The question was: *What are the push and pull factors for sectoral collective bargaining?*

Interviews with Montenegrin employers and trade union representatives highlighted that effective cooperation between social partners is the most important precondition for strengthening sectoral collective bargaining. Respondents repeatedly underlined that constructive and transparent cooperation leads not only to more effective social dialogue but also to more balanced and sustainable decision-making processes.

At the same time, interviewees pointed to a generally low level of knowledge among both employers and employees as a significant barrier. This lack of understanding of the mechanisms and importance of social dialogue slows down the bargaining process and weakens its outcomes. For this reason, many emphasised that raising awareness and promoting the role of sectoral collective bargaining should be a key responsibility not only of social partners but also of the government.

The professionalisation of bargaining processes was also seen as essential. Participants argued that negotiations require adequately trained professionals who can contribute expertise and ensure that discussions are conducted in a structured and efficient way. With better-prepared negotiators, the process could achieve higher quality results and avoid the common problem of misunderstandings between the parties. Several interviewees added that trade union representation is in some cases a precondition for negotiations to take place at all.

Respondents also noted the importance of time management and efficient coordination. Negotiations that last too long tend to produce weaker results, especially in a dynamic economic environment, and employers and unions alike stressed the need to respect clear timelines. Furthermore, differences in expectations and inadequate understanding of economic realities—both national and global—were cited as factors that complicate bargaining. Some requests are still framed by reference to past economic models that no longer align with Montenegro's open and liberalised economy.

Finally, participants pointed to weak cooperation between state institutions as a serious obstacle. In some cases, agreements reached by working groups of social partners were later rejected by the authorities, undermining the credibility of the process and frustrating stakeholders. More generally, the lack of trust between employers and unions, weak trade union structures, and the pressure of recessionary periods—when employers prioritise cost reduction—were all seen as significant factors that weaken collective bargaining, in contrast to periods of economic growth when both sides are more open to dialogue.

2. Legal and Other Obstacles to Effective Bargaining, and Potential Stimuli

The question was: *Can you identify any legal or other obstacles hindering effective bargaining and any stimulus facilitating it?*

Interviews confirmed that Montenegro's legal framework provides all the formal conditions necessary for social dialogue, both at the national and sectoral levels. As outlined in the Labour Law, the roles of the social partners are clearly defined, and it is stipulated who is entitled to participate in the bargaining process. Legislation, which follows international principles, also underlines that collective bargaining is obligatory, thereby assigning it substantial importance within the system of industrial relations.

Nevertheless, the practical implementation of collective bargaining reveals several obstacles. A recurrent theme in the interviews was the disparity between privately owned companies and state-owned or majority state-owned enterprises. Representatives pointed out that the latter often enjoy a more favourable position, both in terms of financial capacity and institutional support. This discrepancy generates divergent requests and priorities, complicating sectoral negotiations. Employers cited salary levels as a particularly sensitive issue: wages in the state sector are considerably higher, creating benchmarks that the private economy cannot easily meet. This tension often leads to friction during bargaining.

Despite these challenges, interviewees also identified examples of innovative solutions. For the first time in Montenegro, a collective agreement introduced a clause allowing companies with negative business results to suspend certain obligations, provided that the agreement clearly specified which obligations were exempted. This arrangement was highlighted as an example of constructive compromise, showing how collective bargaining can be used to create a level playing field. A parallel can be drawn with provisions under the Law on Wages in the Public Sector, which excludes certain state-owned companies from its scope if they operate regularly and meet their financial obligations.

Employers further noted that the legal framework could be improved by broadening the scope of issues that can be addressed in collective agreements. Current legislation restricts the range of permissible topics, limiting the flexibility of negotiations. Allowing more sector-specific issues—such as the organisation and distribution of working time—would give greater relevance to sectoral bargaining and encourage more active participation by the parties.

Finally, respondents emphasised the importance of including relevant state institutions directly in negotiations when state-owned companies are involved. Their early participation would prevent situations in which agreements reached by social partners are later rejected by the state on the grounds of budgetary incompatibility. Such institutional involvement would provide greater legal certainty and enhance trust in the bargaining process.

3. Factors for Improving the Efficiency of Collective Bargaining

The question was: *In your opinion, what would make collective bargaining more efficient?*

Interviewees emphasised that the efficiency of collective bargaining in Montenegro depends on a combination of institutional and legal improvements on the one hand, and the strengthening of human capital on the other. At the outset, nearly all participants highlighted the central role of the Montenegrin Employers' Federation (MEF), describing it as a strong and professional partner in negotiations. MEF employees were consistently praised for their negotiation skills, extensive experience, and capacity to follow international standards, as well as for their continuous investment in building expertise.

From an institutional and legal perspective, several elements were identified as essential for enhancing the effectiveness of bargaining. First, better preparation prior to negotiations was seen as indispensable. Employers underlined the importance of systematic collection and analysis of statistical data for each sector. Such evidence-based preparation would allow the parties to form a realistic picture of sectoral conditions, to assess the financial sustainability of proposed measures, and to anticipate potential labour market problems. Reliable data would also provide a common reference point, helping to filter out unrealistic demands and encouraging balanced solutions.

Second, participants pointed to the need for stronger inter-institutional cooperation and clearer communication, particularly in cases involving state-owned enterprises. Experience has shown that even when agreements were reached between social partners, ministries or state institutions sometimes refused to approve them on fiscal grounds, thereby stalling implementation. Interviewees argued that this could be prevented if state authorities provided their official position at the beginning of negotiations and if institutional coordination were strengthened.

Third, respondents stressed the necessity of expanding the legal space for collective bargaining. The current framework restricts the number of issues that may be addressed, whereas many sector-specific matters could and should be negotiated. Allowing greater flexibility by law would provide space for agreements tailored to the particular needs of each sector.

Fourth, the influence of political instability was identified as a major factor undermining continuity in bargaining. Frequent personnel changes linked to shifts in government were said to weaken the process, replacing experienced negotiators with politically appointed newcomers. Ensuring the participation of stable, professional staff—independent of political cycles—was described as a prerequisite for meaningful bargaining.

Finally, employers and trade union representatives alike emphasised that building mutual trust remains the single most important condition for improving collective bargaining in Montenegro. Without trust, they argued, no legal or institutional reform will succeed. Establishing a culture of confidence and cooperation between the social partners and the state is therefore essential if sectoral bargaining is to take on greater significance in the years ahead.

Co-funded by the European Union

Beyond institutional and legal reforms, interviewees emphasised that improvements in human capital and process management are equally critical for making collective bargaining more effective at the sectoral level. Several recommendations were advanced in this respect.

First, better time management was seen as essential. Participants argued that negotiations should begin with a clearly defined plan, including agreed steps, deadlines, and a target date for signing the collective agreement. Such a framework would prevent unnecessary delays and ensure that no party could prolong the process indefinitely.

Second, the management and leadership skills of negotiation participants were considered in need of strengthening. Clearer rules for leading discussions, along with a more structured approach to negotiations, would streamline the process and enhance efficiency. Linked to this, a stronger communication framework was recommended. A communication plan, ensuring better and more consistent information exchange between all actors, was described as a precondition for meaningful dialogue and timely agreements.

Third, interviewees highlighted the importance of capacity-building across all institutions involved in collective bargaining. While employer representatives were praised for their professionalism and skills, frequent turnover among trade union or state representatives often slowed progress. Ensuring that all parties are represented by adequately trained and experienced professionals was seen as vital for avoiding disruptions and maintaining continuity.

Fourth, greater involvement of a wider range of employers was suggested. Including more firms—particularly small and medium-sized enterprises—would provide a more accurate picture of sectoral realities and improve the quality of negotiation outcomes. Participants noted that past agreements often reflected the interests of larger companies with greater bargaining capacity, leaving smaller enterprises underrepresented.

Finally, all interviewees stressed the need for stronger public promotion of social dialogue. Many small companies and individual workers remain unaware of its importance or do not perceive it as a useful problem-solving tool. Public dissemination of successful examples of collective bargaining in Montenegro was proposed as a way to build trust and strengthen the legitimacy of dialogue. Crucially, such awareness-raising should be a joint effort of employers, trade unions, and the state, signalling a shared commitment to cooperation and to embedding social dialogue in the country's economic and social landscape.

In conclusion, respondents underlined that the human factor plays a decisive role in the efficiency of collective bargaining. Efforts should be directed at reducing the dependence of the process on individual actors and ensuring that negotiations are grounded in robust, sector-specific data. Only in this way can demands and proposals be realistic, negotiations balanced, and outcomes sustainable.

4. The Impact of Crises on Collective Bargaining

The question was: *In your opinion, how did the crisis (Covid, economic, climate, war between Russia and Ukraine) affect collective bargaining in your sector?*

Interviewees agreed that every crisis introduces a degree of insecurity into the collective bargaining process, though the scope and intensity of the impact vary. Employers' priorities tend to shift in response to external shocks. For example, during the COVID-19 pandemic, the main concern for employers was to preserve financial stability and safeguard jobs. Negotiations therefore focused less on expanding rights or increasing costs, and more on maintaining basic security for both companies and employees.

While the substance of bargaining topics did not change significantly, the pandemic did generate technical difficulties. Restrictions on in-person meetings forced social partners to rely on online negotiations, which several participants considered less effective and of lower quality compared to face-to-face dialogue.

The different crises of recent years had unequal effects on Montenegro's economy and, consequently, on collective bargaining. The COVID-19 pandemic coincided with the sharpest drop in GDP in the country's history, exerting clear negative effects on the bargaining environment. By contrast, the war in Ukraine and the related energy crisis unexpectedly had a positive impact on Montenegro's economy, largely due to higher domestic consumption, investment inflows, and the arrival of foreign residents and workers. In this context, social partners were able to negotiate improvements for employees.

Importantly, the crises also opened space for innovation. During the COVID-19 period, trade unions, employers, and government institutions collaborated more closely in designing support measures, demonstrating that effective social dialogue can play a decisive role in crisis management. In addition, new issues entered the bargaining agenda, such as teleworking arrangements, which have since remained a relevant topic. The energy and Ukraine crises, by contrast, strengthened bargaining positions for employees, as economic growth enabled the negotiation of additional rights and benefits.

Overall, the experience of recent crises revealed the adaptability of social dialogue in Montenegro. While external shocks initially narrow the scope of negotiations, they also underscore the importance of cooperation and, under favourable conditions, may even stimulate more progressive outcomes.

5. The Relationship between Sectoral and National Social Dialogue

The question was: *How does sectoral social dialogue relate to national social dialogue? For example, are tripartite agreements (e.g. on minimum wages or working time) concluded at the national level, which affect the social partners' room for manoeuvre in the sector?*

In Montenegro, national social dialogue serves as the overarching framework within which sectoral dialogue takes place, giving it a particularly significant role. It not only provides the institutional foundation but also has the potential to guide and influence the direction of sectoral negotiations. Interviewees stressed that greater involvement of the state in this process would be valuable, as it would allow public authorities to gain insight into the dynamics and challenges of sectoral bargaining. Such engagement could strengthen institutional practice, enhance coherence between national and sectoral levels, and ultimately improve the overall social dialogue framework.

Legally, national social dialogue leaves sufficient space for sectoral negotiations to develop, but in practice its contribution remains limited. Respondents consistently emphasised that participants in national-level forums should take a more proactive role in encouraging sectoral dialogue. Furthermore, they underlined that the effectiveness of both national and sectoral dialogue depends on the professional capacity of the social partners. Stronger analytical foundations, including the systematic use of reliable statistical and economic data, are needed to ensure that negotiations are based on an accurate understanding of sectoral realities. Only in this way can national dialogue reinforce sectoral processes and avoid remaining an isolated, largely formal exercise.

6. Areas of Employment Regulation Suitable for Sectoral Collective Agreements

The question was: *Are there any areas of employment regulation that could (in your opinion) be improved by a sectoral collective agreement? If so, in which areas and with what possible content? Are there any subjects in your sector that would be worth being involved in under the scope of sectoral social dialogue (with the involvement of trade unions)? (for instance, minimum wage, wage, vocational education and training, etc.)*

Interviewees emphasised that there is significant scope for expanding the topics covered by sectoral social dialogue in Montenegro. Several areas were identified as particularly important. First, the organisation and division of working time was mentioned as a priority, especially in sectors where irregular or intensive working schedules are common. Respondents argued that sectoral-level bargaining could address these challenges more effectively than national regulation alone. Occupational health and safety was also identified as a crucial issue. Since the risks and requirements differ substantially from one sector to another, interviewees agreed that sectoral negotiations would produce more tailored and therefore more effective solutions.

Emerging challenges such as artificial intelligence and its implications for employment and business models were also raised. Although this issue is already central to debates in many European countries, it has not yet been adequately recognised in Montenegro. Respondents argued that its inclusion in collective bargaining will be essential, as automation and AI will inevitably reshape work organisation, skill requirements, and even overall employment levels. Similarly, climate change was identified as a neglected but pressing issue. Stakeholders underlined that sectoral agreements could provide a framework for adapting to environmental challenges, particularly in industries directly exposed to climate-related risks. Data protection was highlighted as another topic that should be systematically addressed at the sectoral level, given the increasing importance of digitalisation. In addition, the principle of a "just transition," particularly in the context of the green transition, was seen as an important tool for integrating environmental and social considerations into the bargaining process. This would also align Montenegro with European Union accession requirements and broader sustainability commitments.

On the question of minimum wages, participants noted that current regulation defines minimum thresholds at the national level (proposed at 600 and 800 euros under the Labour Law). Nonetheless, some argued that sector-specific minimum wages could be useful in industries such as tourism and transport, where labour shortages are acute. They

Co-funded by the European Union

suggested that sectoral wage regulation could improve working conditions, enhance the attractiveness of these sectors, and help to retain and recruit employees.

Finally, opinions were divided on whether automation and robotisation would change the perception of multinational companies operating in Montenegro, many of which locate activities in Central and Eastern Europe primarily due to lower labour costs. While some interviewees felt that the cost pressures associated with automation might prompt firms to reconsider their location strategies, others argued that most companies in Montenegro are small-scale enterprises for whom automation will not pose a significant challenge.

III. Summary of the Surveys

1. Overview of the Montenegrin Sample

The Montenegrin database of the comparative study of Central and Eastern European countries consists of responses from 38 companies. Although this is the smallest dataset among the six countries included in the research—reflecting in part Montenegro's relatively low population size—more than three quarters of the responses (76.3%) were valid, allowing for meaningful analysis.

The majority of responses came from small and medium-sized enterprises, with only the services sector providing input from employers with more than 50 employees. Beyond services, the sample also includes firms from manufacturing and construction, thereby ensuring coverage of Montenegro's principal sectors despite the relatively limited number of observations. This breadth provides important insights, particularly into the position of small enterprises, which are often under-represented in comparative samples from other countries.

It is important to note, however, that these smaller enterprises are also the least likely to have active, institutionalised systems of employee representation. This fact must be borne in mind when interpreting the thematic findings, as the limited presence of formal social dialogue structures in such companies inevitably shapes the responses given.

2. Trade Union Presence and Works Councils

The survey results indicate that trade union organisation in Montenegro is relatively limited. A clear majority of respondents (86%) reported that no trade union was present in their company. Among the 14% of firms where a trade union does exist, large enterprises with more than 250 employees are strongly over-represented, accounting for three quarters of these cases. This finding confirms the earlier hypothesis that the Montenegrin sample is dominated by non-organised workplaces, while also reflecting the broader regional pattern in which trade union activity is primarily concentrated within larger organisations.

By contrast, the organisation of works councils shows an unexpected pattern. While it might be assumed that both company size and trade union presence would positively correlate with the existence of works councils, this is not borne out by the data. Works councils were reported only in enterprises with 10–49 employees, and even there they accounted for only 20% of cases. Neither the smallest companies nor the larger enterprises in the sample reported the presence of a works council. This suggests that works councils remain a marginal form of employee representation in Montenegro and play only a negligible role in shaping the country's industrial relations landscape.

3. Company- and Sectoral-Level Collective Agreements

The survey results show that the prevalence of company-level collective agreements in Montenegro is relatively limited. Only 21% of the companies surveyed reported the existence of such an agreement, a figure considerably lower than the regional average of 34%. Among those agreements that do exist, half are concentrated in the largest company size category, while 33% are found in enterprises employing between 10 and 49 workers, and 17% in micro-enterprises with fewer than 10 employees. This distribution underscores the consistent relationship between company size and the likelihood of institutionalised collective bargaining, while also confirming that formalised industrial relations remain concentrated in larger organisations.

The connection between trade union presence and the existence of collective agreements can be further clarified through cross-tabulation analysis. A striking 79% of respondents reported the absence of both trade unions and collective agreements, highlighting the generally weak institutionalisation of industrial relations at enterprise level.

Only 11% of enterprises reported both trade union presence and a company-level collective agreement. Interestingly, 7% of companies indicated the existence of a company-level collective agreement despite the absence of a trade union, which appears to contradict Montenegrin labour law, where the conclusion of such agreements formally requires a representative trade union.

At the sectoral level, the situation appears somewhat more dynamic. While still limited in scope, 37% of respondents reported the existence of a sectoral collective agreement in their field of activity. This figure not only exceeds the prevalence of company-level agreements (21%) but also surpasses the average for the overall Central and Eastern European (CEE) sample (27%). The Montenegrin case therefore suggests that sectoral collective bargaining has comparatively greater vitality, particularly as it extends contractual coverage to smaller enterprises where trade union activity and company-level bargaining are largely absent.

4. Perceptions on Social Dialogue

As in other Central and Eastern European countries, the situation of social dialogue in Montenegro can be assessed by examining both the perceived public policy role of consultations and the attitudes of employers toward specific factors that shape dialogue practices. The survey results reveal a pattern of scepticism and selective confidence.

A majority of respondents (58.6%) expressed negative views regarding the government's commitment to strengthening sectoral dialogue, with no clear affirmation of strong political support. This scepticism was particularly pronounced among smaller enterprises, while larger companies presented a more divided perspective. In contrast, across all company sizes, there was relatively strong confidence in the effective involvement of employers' representatives in social dialogue, with nearly 70% of respondents agreeing or strongly agreeing with this statement. Similarly, most respondents expressed trust in the autonomous and independent character of dialogue processes, although a notable minority (27.6%) expressed doubts on this point.

The perception of lobbying shows an interesting contrast. A significant share (62.7%) of respondents agreed, at least somewhat, with the effectiveness of lobbying carried out by employers' representative organisations. However, when asked about lobbying by individual employers, the majority disagreed. The largest enterprises—those most capable of engaging in direct lobbying—were the exception, with 67% expressing confidence in such strategies, whereas smaller and medium-sized companies displayed more polarised views. The overall picture suggests that social dialogue enjoys a meaningful degree of legitimacy among Montenegrin employers, and that collective action through employers' organisations is seen as more credible and effective than fragmented, individual lobbying efforts.

When evaluating the broader contextual factors shaping social dialogue, respondents highlighted primarily economic concerns. Inflation, rising costs of living, and the general slowdown of the economy were perceived as the most decisive influences. Employers also pointed to labour market pressures—labour shortages, rising wage demands, and the transformative impact of digitalisation—as key determinants. Beyond these economic considerations, two external crises were viewed as particularly significant: the COVID-19 pandemic (72.4% identifying it as highly important) and the war in Ukraine (51.7%). By contrast, issues such as the energy crisis, cyber security, migration, natural disasters, and the right to disconnect generated more mixed responses, without a clear consensus.

Overall, Montenegrin employers appear to prioritise traditional economic and labour market concerns in their assessment of social dialogue, while also acknowledging the disruptive effects of recent global crises. These findings confirm that the future of sectoral dialogue will remain strongly conditioned by both domestic economic stability and broader geopolitical developments.

5. Attitudes Toward Sectoral Topics

Feedback on possible topics for sectoral social dialogue provides important insights into the priorities of Montenegrin employers. Among the issues raised, the termination of employment and the organisation of working time emerge as the most visible and strongly supported themes, with 82.8% of respondents indicating their importance. These are closely followed by extra-salary benefits and occupational safety and health, which received 75.9% support. Together, these priorities highlight the continuing centrality of what might be termed the "classic" subjects of industrial relations, reflecting the employers' recognition of the need to retain traditional labour law concerns as the core of sectoral negotiations.

Other issues also received notable support. Vocational training, apprenticeships, and the introduction of sectoral minimum wages were each considered relevant by 72.4% of respondents. This may suggest that Montenegrin companies, many of which belong to the SME sector, increasingly acknowledge the importance of workforce development and appear open to sectoral-level regulation of minimum wages as a means of stabilising employment relations. A striking

Co-funded by the European Union

detail is that 88.5% of employers agreed that wages set through collective agreements tend to follow workers' needs, although a smaller proportion, 53.8%, expressed confidence that innovative mechanisms are being developed to address the rising costs of living.

By contrast, several more contemporary topics in European employment discourse attracted limited support. Issues such as harassment at work, active ageing, and the employment of migrant workers received less than 50% agreement. Similarly, ecological and social sustainability were regarded as priorities by only 41.4% of respondents, signalling their marginal status in current bargaining practices. The most strikingly negative response was recorded in relation to the gender pay gap, where 58.6% of employers explicitly disagreed with the idea that social partners should play an active role in addressing the issue. This was the only theme in the survey to elicit an outright majority of disagreement.

In sum, Montenegrin employers continue to view social dialogue primarily as an instrument for addressing traditional employment issues, such as working time, wages, and occupational safety. The relative neglect or rejection of newer themes—ranging from sustainability and demographic change to gender equality—may be explained by limited exposure to such regulation or initiatives at company level, but it may also reflect a broader scepticism toward extending social dialogue into areas perceived as politically or culturally less urgent. It is important, however, to place this observation in context: while the Montenegrin sample shows a clear preference for traditional concerns, the indifference to more recent topics appears stronger in relative terms within Montenegro than across the wider regional comparison.

6. Alternative Ways of Setting the Minimum Wage

Employers in Montenegro expressed considerable interest in the possibility of establishing minimum wages through collective agreements, whether at the national or sectoral level. According to the survey, 48.3% of respondents strongly agreed and a further 13.8% partially agreed that minimum wages should be included in sectoral collective agreements. This signals a significant openness to wage-setting mechanisms beyond the current national framework.

Even stronger support was recorded for sectoral collective agreements in general, not limited to wage-setting. A total of 75.9% of respondents agreed, at least to some degree, that such agreements provide tangible benefits to their industries. Importantly, sectoral minimum wage regulation was also seen as a potential driver of institutional engagement: 79.3% of employers stated that the introduction of such agreements would motivate them to join employers' associations in their sector.

Nevertheless, when asked about alternatives, employers did not consider sectoral agreements as the sole or necessarily the most effective solution. Nationally negotiated minimum wages continue to enjoy slightly stronger support, with 69% of respondents somewhat or strongly agreeing with the principle of determining wages through collective bargaining at the national level.

Taken together, the findings suggest that Montenegrin employers are broadly supportive of embedding minimum wage regulation within collective bargaining frameworks, whether sectoral or national. Moreover, the strong confidence in sectoral bargaining as a process indicates that employers see value not only in wage-setting but also in the wider institutional benefits that sectoral agreements could bring to labour relations in Montenegro.

7. Climate Change and ESG Engagement

Montenegrin companies display markedly divided views on climate change and its relevance to social dialogue. The survey results indicate strong sectoral variation. The service sector showed the highest sensitivity to climate-related concerns, with 42.9% of respondents acknowledging its importance, whereas the manufacturing sector was largely dismissive, with 66.7% strongly disagreeing that climate change constitutes a relevant issue. A similarly polarised pattern was observed in responses regarding the extent to which collective agreements reflect changes in energy prices or whether climate change influences social dialogue. In both cases, the majority of respondents rejected such a role, reinforcing the pronounced division between service and manufacturing companies. These discrepancies may be attributed to different perceptions of "green" measures, particularly in relation to the anticipated costs and risks of industrial transition. Overall, only 13.4% of respondents agreed that global warming would affect employers within the next decade, underscoring widespread scepticism and a general detachment from climate policy discourse across sectors.

This scepticism is less pronounced in relation to ESG (Environmental, Social, and Governance) activities. A majority of respondents (55.5%) somewhat or fully agreed that employee representatives should be involved in discussions on ESG matters. Nonetheless, a clear sectoral divide persists. While 66.7% of manufacturing respondents strongly disagreed with the idea, 47.6% of respondents from the service sector strongly agreed, highlighting once again the contrasting approaches of Montenegrin industries to sustainability-related dialogue.

Co-funded by the European Union

IV. Conclusions and Recommendations

The survey results depict a system of labour relations in Montenegro that corresponds broadly with the defining features of the Central and Eastern European region. Trade union density is low and concentrated almost exclusively within larger enterprises, while works councils are virtually absent. The small and medium-sized enterprise (SME) sector, which overwhelmingly operates without local-level trade union representation, remains dominant in the Montenegrin economy. Nevertheless, in contrast to some neighbouring countries, trust in the process of social dialogue appears somewhat higher, which has facilitated the conclusion of both national- and sectoral-level agreements in recent years.

Employers in Montenegro largely expect social dialogue to address traditional labour law and economic issues, including wages, termination of employment, working time regulation, and occupational health and safety. A majority of respondents expressed support for regulating minimum wages through collective agreements at either the national or sectoral level. By contrast, more contemporary themes—such as the gender pay gap, harassment in the workplace, climate change, and ecological sustainability—remain marginal within the agenda of social dialogue. Scepticism regarding environmental and sustainability issues is particularly pronounced, with responses revealing little consensus or engagement.

The findings indicate that, unlike in several other Central and Eastern European countries, Montenegro possesses institutional foundations that allow for national- and sectoral-level negotiations to take place. This suggests that sectoral dialogue in Montenegro has the potential to serve as a mechanism for indirectly integrating SMEs—many of which lack union representation at company level—into broader consultative and bargaining processes. Moving forward, however, the thematic scope of social dialogue would need to be expanded. In particular, greater attention should be directed towards addressing structural inequalities, such as the gender pay gap, as well as incorporating the challenges of climate change and sustainability. This would require developing negotiation frameworks that are sufficiently flexible and robust to accommodate these emerging priorities.

Montenegro provides an illustrative example of how national and sectoral social dialogue can develop even in an economy dominated by small and medium-sized enterprises. As a Western Balkan country pursuing accession to the European Union, Montenegro's policy trajectory is increasingly shaped by European frameworks, such as the European Pillar of Social Rights and the EU Minimum Wage Directive, which sets a target of 80% collective bargaining coverage.[2] In this context, strengthening national and sectoral social dialogue mechanisms emerges as a key lever of institutional and socio-economic progress, while at the same time recognising the fundamental role of local-level structures where employer and trade union organisations are embedded.

The findings from both the survey and the interviews indicate that the principal challenges for improving collective bargaining and social dialogue in Montenegro are not primarily structural or economic. Rather, they stem from the dynamics of the negotiation process itself. Respondents consistently highlighted the need to strengthen the capacity, preparedness, and expertise of social partners—particularly at the sectoral level. This points to a development pathway focused on enhancing institutional knowledge, improving access to sector-specific economic and labour market data, and fostering stronger negotiation and coordination skills among all stakeholders.

The existing legal framework is generally perceived as an enabling rather than restrictive environment for collective bargaining. This suggests that reform efforts should not be directed toward deregulation but instead toward broadening the scope of issues that may be addressed through sectoral agreements. Such a shift would allow for more nuanced and sector-specific approaches while ensuring protective guarantees remain intact. The COVID-19 pandemic demonstrated vividly how sectoral shocks—particularly in industries such as tourism—require tailored and flexible solutions. Issues repeatedly emphasised by survey respondents and interview participants, such as working time arrangements and occupational health and safety, represent areas where sectoral-level agreements could be especially impactful.

In conclusion, Montenegro's future trajectory in social dialogue depends on deepening structures at national, sectoral, and enterprise levels; equipping social partners with the analytical and negotiation tools necessary to engage effectively; and strengthening the adaptability of sectoral agreements to address both traditional labour concerns and emerging socio-economic challenges. By consolidating these efforts, Montenegro would not only enhance the inclusiveness and resilience of its industrial relations system but also align more closely with EU objectives on collective bargaining coverage and social dialogue.

[2] EU Directive 2022/2041 (EU) on adequate minimum wages in the European Union, which encourages sectoral bargaining: Article 4(2) of the Directive requires the adoption of an action plan to increase collective bargaining coverage in all Member States where coverage is below the 80% threshold that only characterises Member States having strong sectoral systems [OECD/AIAS ICTWSS, 2023, https://www.oecd.org/en/data/datasets/oecdaias-ictwss-database.html (23. 04. 2025.).]

Co-funded by the European Union

I. Legal and Institutional Framework of Sectoral Collective Bargaining in Romania

Sectoral collective bargaining in Romania is currently regulated by Law No. 367/2022 on Social Dialogue (hereinafter the *Social Dialogue Law)*. This legislation replaced Law No. 62/2011, which had been introduced in the context of the austerity measures adopted by the Romanian government to counteract the effects of the 2008 global financial crisis.

The 2011 law marked a paradigm shift in collective bargaining, particularly at the sectoral level, as it significantly constrained the capacity of social partners to conclude sector-wide agreements. Three main provisions proved especially restrictive. First, the law introduced more demanding requirements for achieving representativeness at the sectoral level, thereby limiting the number of organisations able to participate legitimately in negotiations. Second, it imposed strict conditions for extending contracts concluded at the level of groups of units to the entire sector, effectively narrowing the scope of agreements. Third, it confined the obligation to engage in collective bargaining to the company level, and only for enterprises with more than 21 employees. These combined provisions effectively shifted the centre of gravity of collective bargaining downward to the enterprise level and reduced the potential for sector-wide regulation.

Unsurprisingly, these changes provoked significant dissatisfaction among trade unions, who viewed Law No. 62/2011 as an erosion of workers' collective rights. However, despite sustained criticism, no substantial amendments were made for over a decade. The situation changed in 2022 with the adoption of Law No. 367/2022, which repealed and replaced the earlier legislation.

The road to reform was gradual. A ministry specifically dedicated to social and civic dialogue was established in 2016 and operated—under different names—until 2020, facilitating wider debates on the need for legislative change. A proposal for a new social dialogue law was submitted to Parliament in 2018, but the Senate rejected it later that year, and the Chamber of Deputies, as the decision-making chamber, did not rule on it until 2022. It was only then that the revised proposal was finally adopted, resulting in the current Social Dialogue Law.

The adoption of this law coincided with a broader European policy environment that favoured the restoration and strengthening of workers' fundamental rights, particularly following the introduction of the European Pillar of Social Rights in 2017. Since 2019, the European Commission's Country-Specific Recommendations (CSRs) have repeatedly highlighted the weaknesses of Romanian social dialogue and the need for reform. In 2020, the Commission underlined that "social dialogue remains limited, especially at sectoral level," and noted that discussions on revising both the social dialogue law and the classification of economic sectors had stalled (European Commission, 2020). Against this backdrop, the adoption of Law No. 367/2022 was both a response to domestic pressures from social partners and a reaction to sustained European-level scrutiny and guidance

The Social Dialogue Law was adopted by the Romanian Parliament in December 2022, following a relatively short but focused debate that primarily addressed technical changes recommended by the International Labour Organization (ILO). The new legislation significantly expands the rights of free association for employees and workers, strengthens the institutional position of trade unions, and lowers the representativeness thresholds necessary for participation in collective bargaining. It also facilitates collective bargaining at both unit and sector levels by making the initiation of negotiations mandatory, while introducing the possibility of negotiating employment contracts at inter-sectoral level through the transfer of representativeness to higher-ranking organisations.

From a regulatory perspective, Article 97 of Law No. 367/2022 is particularly relevant, as it stipulates that collective bargaining must be initiated whenever requested by either social partner in establishments with at least ten employees, as well as at the level of the collective bargaining sector. However, the law does not oblige the parties to conclude a collective labour agreement (CLA) as a result of these negotiations, thus preserving the ILO principle of freedom of negotiation.

In order to enhance the feasibility of sectoral collective bargaining, the law introduced lower thresholds of representativeness for trade union federations. The requirement was reduced from 7% to 5% of the total number of employees at sectoral level, thereby broadening access for trade unions to the bargaining process. Furthermore, the law also revised the mechanism for extending sectoral agreements. Whereas the 2011 Social Dialogue Law required employers' associations representing more than 50% of the sector's employees, the new legislation lowered this threshold to 35%. Once this condition is met, extension to the entire sector can be requested by any of the parties, subject to the assent of the National Tripartite Council and subsequent approval by government decision.

One year after its entry into force, further reforms were introduced to improve the institutional framework for sectoral bargaining. In December 2023, through Order of the Ministry of Labour and Social Solidarity No. 2311/2023, Romania restructured its collective bargaining sectors, expanding their number to 58—twice as many as before. This reform also increased the specificity of sectoral classification, responding directly to a long-standing recommendation of the European Commission to provide a clearer and more functional framework for sectoral negotiations.

The effects of these changes are already visible in the evolution of collective bargaining activity. The following graph illustrates, in absolute terms, the number of collective agreements concluded at both company and sectoral levels, offering empirical evidence of the extent to which the new framework has stimulated bargaining practices.

A landmark development occurred in October 2024, when the collective labour agreement signed in May 2024 at the level of a group of banking units—covering approximately 43% of employees in the sector—was formally extended to the entire banking sector in Romania. The extension was initiated at the request of the trade union side and marks a premiere in the field of Romanian social dialogue, as it is the first collective agreement to apply *erga omnes,* i.e. to all employees in the negotiation sector "40. Banking activities," regardless of trade union affiliation or the identity of their employer.

This extension was made possible by two institutional reforms introduced under the new Social Dialogue Law. First, the reduction of the representativeness threshold for employers' associations—from 50% to 35% of employees in a sector—enabled a broader range of agreements to qualify for extension. Second, the redefinition of collective bargaining sectors through Order No. 2311/2023 provided a clearer demarcation of sectoral boundaries. By detaching "banking activities" from the broader "financial, banking and insurance activities" sector, the law created a more precise framework within which representativeness could be assessed and extensions approved.

This case demonstrates how recent legal reforms have already begun to reshape the practice of sectoral collective bargaining in Romania. It also highlights the potential of the new legal framework to revive and institutionalise sectoral dialogue after more than a decade in which such practices had been largely absent or ineffective. The banking agreement thus represents both a symbolic and practical turning point, offering a precedent for other sectors where collective bargaining coverage remains limited.

Number of collective labor agreements at the level of group of units and at the level of collective bargaining sector in the last 15 years

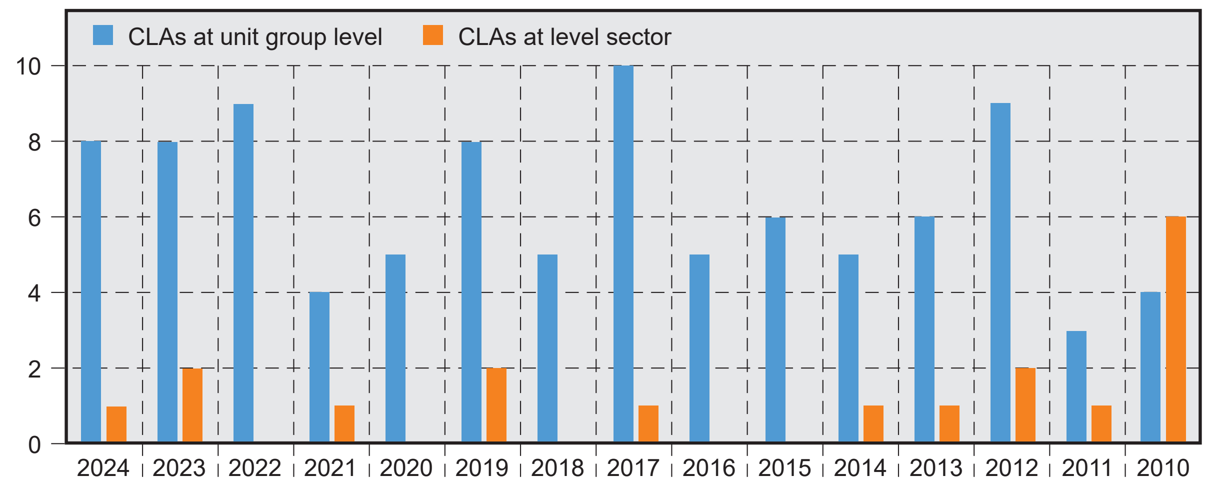


Figure 1: Collective bargaining group and sector level in the last 15 years1

The collective agreement in the banking sector was conceived primarily as a framework instrument, serving as a common basis for subsequent negotiations at the level of individual banks, though without imposing a strict obligation to conclude collective agreements at unit level. Its provisions are nonetheless significant. The agreement establishes a sectoral minimum wage higher than the national minimum wage set by the Government, introduces a package of compensatory payments in cases of dismissal not attributable to employees, and regulates the compensation of overtime

[1] Data source: https://dialogsocial.gov.ro/grup-de-unitati/ and https://dialogsocial.gov.ro/sector-de-activitate/Pop, Alina – Anghel, Ionut: Barriers and opportunities for employers in Romania to participate in sectoral collective bargaining p.5.

Co-funded by the European Union

work. Furthermore, the contract incorporates a dedicated chapter on equal opportunities, non-discrimination, and the prohibition of harassment, explicitly drawing on Convention No. 190/2019 on the Elimination of Violence and Harassment in the World of Work, ratified by Romania in March 2024. The inclusion of these provisions highlights not only the broadening scope of collective bargaining but also Romania's alignment with evolving international labour standards.

Placed in a longer historical perspective, however, the number of collective agreements concluded at the level of collective bargaining sectors has remained modest over the past fifteen years. Following 2010, most sectoral-level agreements were concluded within the public sector—particularly in education and health—while collective agreements in the private economy were rare. Agreements concluded at the level of groups of units were somewhat more frequent, but here too, they were largely concentrated in public services rather than in market-oriented sectors.

Summarising and analysing the developments outlined above, it can be argued that Romania today possesses a clear and comprehensive legal framework for sectoral dialogue and collective bargaining. The extension of the collective labour agreement to the entire banking sector in 2024 confirms that the Social Dialogue Law of 2022 provides a functioning and appropriate regulatory background, capable of supporting both the restoration and the expansion of sectoral bargaining in practice. At the same time, the exceptional character of this extension underlines the need for sustained efforts by both social partners and policymakers to translate the legal framework into a more widespread and durable practice of sectoral dialogue across the Romanian economy.

II. Responses to the Questionnaire and Their Evaluation

1. Overview of the Romanian Sample

The Romanian survey was carried out in 2024 as part of the comparative research project involving Hungary, Montenegro, Romania, Serbia, Slovakia, and Slovenia. Altogether, 344 companies across the six countries participated, although a significant share of respondents did not complete the questionnaire in its entirety. In Romania, 44 companies began the survey, but due to partial responses and non-completion, only 28 questionnaires (63.6% of the total Romanian sample) were suitable for analysis. This reduced sample size, combined with a theoretical maximum margin of error of 15.1%, limits the statistical representativeness of the findings, yet still offers valuable insights into the state of social dialogue, collective bargaining, and their perception among enterprises in Romania.

The distribution of company sizes within the sample reveals certain imbalances. In the manufacturing sector (NACE codes A–E), two-thirds of respondents (66.7%) represented large enterprises with more than 250 employees, while 25% were medium-sized firms (50–249 employees) and only 8.3% fell into the small enterprise category (10–49 employees). Micro-enterprises with fewer than nine employees were not represented at all in the manufacturing subsample.

In the services sector (NACE codes G–U), the structure was somewhat more diverse, but large companies again dominated, accounting for 68.8% of responses. Micro-enterprises with fewer than nine employees represented 18.8% of the sample, while small and medium-sized companies (10–249 employees) accounted for 12.5% combined.

No companies from the construction industry (NACE F) were included in the Romanian survey, which represents a limitation when compared with the broader CEE dataset. Despite these constraints, the responses provide important evidence about the realities of industrial relations and the role of sectoral collective bargaining in Romanian enterprises, particularly in larger organisations, which remain the key arena of formalised social dialogue.

2. Trade Union Presence and Works Councils

The Romanian survey results confirm the general pattern observed in the wider CEE region: trade union presence remains limited and is strongly concentrated in larger organisations. Overall, 46% of companies reported that they did not have a trade union. Among large enterprises with more than 250 employees, however, unionisation is the norm, with 87% reporting the presence of a trade union. By contrast, the proportion falls dramatically among medium-sized enterprises, with only 13% of companies in the 50–249 employee range reporting a trade union. For companies with fewer than 50 employees—including both the micro (up to 9 employees) and small enterprise (10–49 employees) categories—no trade union presence was reported at all. This reflects the structural weakness of organised labour in smaller enterprises, which dominate the Romanian economy.

By contrast, the existence of works councils appears less dependent on company size and is more evenly distributed across categories. As expected, large enterprises are more likely to establish such bodies, with 67% reporting the presence of a works council. Among medium-sized enterprises (50–249 employees), half reported a works council, a proportion matched by the small-enterprise category (10–49 employees). Interestingly, even among micro-enterprises (fewer than 9 employees), one-third reported having a works council. These findings suggest that, unlike trade unions, works councils are present across companies of all sizes and may constitute a more accessible or flexible form of employee representation in Romania.

3. Company- and Sectoral-Level Collective Agreements

The prevalence of collective agreements at company level is relatively high by regional standards. Only 26% of Romanian respondents reported the absence of a company-level agreement, while 74% confirmed that they had such an agreement in place. As in other CEE countries, the likelihood of a collective agreement being concluded increases significantly with company size. None of the surveyed companies with fewer than nine employees reported an agreement, while only 5% of firms with 10–49 employees and 20% of those with 50–249 employees had one. By contrast, three-quarters (75%) of companies with 250 or more employees reported the existence of a company-level collective agreement. This clear correlation between company size and the presence of collective bargaining underlines the continuing dominance of large enterprises in the Romanian industrial relations landscape.

At sectoral level, collective bargaining plays a smaller but not insignificant role. Among respondents, 23% reported that they were covered by an industry-level collective agreement. This figure is almost identical to the average of the six participating countries (27%), suggesting that Romania is broadly in line with regional trends in this respect. Sectoral bargaining therefore remains a minority practice, but its presence does provide an additional layer of institutionalised employee protection beyond the company level.

4. Situation of the Social Dialogue

The Romanian survey data provide important insights into how employers perceive the role and effectiveness of social dialogue, both at national and sectoral levels. A recurrent theme is scepticism regarding the government's commitment to promoting social dialogue. When asked whether the national government supports sectoral dialogue, 32.1% of respondents disagreed, 14.3% somewhat disagreed, while only 3.6% agreed and 21.4% somewhat agreed. Employers in larger companies (over 250 employees) were particularly critical: 36.8% disagreed, 15.8% somewhat disagreed, and 10.5% strongly disagreed, while only 15.8% expressed agreement. By contrast, among medium-sized companies (50–249 employees), the distribution was more balanced, with 25% agreeing, 50% somewhat agreeing, and 25% remaining neutral.

Despite this scepticism about government involvement, the perception of employers' organisations is considerably more positive. More than half of respondents (53%) agreed that employers' organisations play an important role in shaping national economic and social policies through social dialogue, and a further 32% somewhat agreed. Confidence in these organisations was particularly high among very small companies: 100% of firms with 10–49 employees agreed with the statement, while two-thirds of micro-enterprises (1–9 employees) and one-quarter of medium-sized firms (50–249 employees) did so. Even among large enterprises, 15.8% agreed and 21.1% somewhat agreed, showing that while scepticism is stronger in this group, confidence remains visible.

A similarly strong pattern emerged regarding the effectiveness of lobbying by employers' organisations. Half of all respondents agreed that lobbying is influential, and an additional 36% somewhat agreed. Particularly striking is the result among micro-enterprises (1–9 employees), where 100% of respondents expressed agreement, suggesting that the smallest employers strongly perceive collective representation as an effective means of influence. Across all company sizes, the majority view lobbying capacities as a real opportunity, reinforcing the dominant role attributed to employers' associations.

In contrast, when asked about the influence of individual lobbying by employers, responses were more varied but still reflected broad agreement. Across company sizes, Romania showed a consistent pattern of agreement, indicating that direct engagement of employers is also considered a credible channel of influence, even if less effective than collective action.

When evaluating whether sectoral social dialogue and labour regulation can reduce unpredictability in the labour market, Romanian employers expressed one of the strongest levels of agreement across the region. Over 60.7% agreed and a further 14.3% somewhat agreed, while only a very small minority expressed disagreement. The perception was consistent across company sizes, suggesting widespread confidence that social dialogue at sectoral level can provide greater stability.

The survey also measured the perceived impact of recent crises. The COVID-19 pandemic was viewed as having had a substantial effect on social dialogue, with 42.9% of respondents agreeing and 14.3% somewhat agreeing. The war in Ukraine was also seen as significant, with 28.6% agreeing and 17.9% somewhat agreeing. The agreement rate was especially strong among companies with 10–49 employees, where 100% expressed agreement.

Economic pressures were highlighted as particularly important factors shaping dialogue. Inflation was identified as a decisive influence by 57.1% of respondents, with higher agreement rates among small and medium-sized enterprises (100% in the 10–49 category, 75% in the 50–249 category, and 52.6% in the 250+ category). The economic slowdown was also seen as significant: 53.6% agreed, with the highest levels of agreement once again found among small enterprises (100% of 10–49 employers). Rising living costs attracted near-universal recognition: 71.4% of all respondents agreed, including 100% of small and medium-sized firms. Similarly, salary increases were considered an important driver of dialogue, with 46.4% agreeing and 21.4% somewhat agreeing.

Finally, the energy crisis was also seen as relevant, with 42.9% of respondents agreeing. Here, the perception was distributed relatively evenly across company sizes: 50% agreement among small and medium-sized firms, 33.3% among micro-enterprises, and 42.1% among large companies.

Taken together, the Romanian data show a complex picture. While scepticism toward government commitment remains high, employers place significant trust in their representative organisations, both in terms of lobbying and participation in policy-making. Furthermore, they strongly perceive social dialogue—particularly at the sectoral level—as a stabilising mechanism in times of crisis and economic uncertainty.

The Romanian survey responses provide further insights into how employers perceive the impact of emerging and atypical factors on sectoral social dialogue. A clear pattern emerges in relation to digitalisation. Respondents tend to lean strongly towards agreement, with 25% agreeing and 17.9% somewhat agreeing that digitalisation influences social dialogue. This distribution suggests a consistent perception across all company sizes that digitalisation is already reshaping workplace relations and bargaining frameworks.

Telework and other atypical forms of work were also perceived as significant drivers of dialogue. Altogether, 32.1% agreed and 25% somewhat agreed with the statement that these new working modalities influence social dialogue. The pattern of agreement appeared across all company sizes: 36.8% of companies with more than 250 employees, 25% of those with 50–249 employees, and 33.3% of those with fewer than 10 employees expressed agreement. For firms with 10–49 employees, 50% indicated partial agreement. These results point to a broadly shared recognition that telework arrangements are an increasingly relevant subject of collective regulation.

By contrast, the question of the right to disconnect generated more divided responses. The majority of respondents (42.9%) selected "neither agree nor disagree," while only 14.3% agreed and 26% somewhat agreed. Importantly, agreement on this topic was concentrated among larger employers: 21.1% of companies with more than 250 employees expressed agreement, while 26.3% in this group and 50% of medium-sized companies (50–249 employees) indicated partial agreement. Among micro-enterprises and smaller firms (1–9 and 10–49 employees), neither agreement nor partial agreement was expressed. This suggests that the right to disconnect is perceived as a relevant issue primarily in larger organisations with more formalised working arrangements.

A similarly divided picture emerged regarding the impact of natural disasters. Nearly half of respondents (46.4%) chose a neutral position, while 10.7% agreed and 17.9% somewhat agreed that such events affect social dialogue. Agreement was again concentrated in larger companies, where 15.8% of employers with 250 or more employees responded positively. Smaller enterprises showed more varied responses, with 33.3% of micro-enterprises and 25% of medium-sized firms expressing partial agreement. Employers in the 10–49 employee category overwhelmingly (100%) chose the neutral option. These figures indicate that natural disasters are not widely considered a direct driver of dialogue, though larger firms are somewhat more sensitive to their potential impact.

Cybersecurity, however, is perceived as a clear and growing concern. Romania recorded the highest share of agreement among all countries in the survey, with 17.9% agreeing and 21.4% somewhat agreeing that cybersecurity has an influence on social dialogue. This trend was consistent across all company sizes, with agreement and partial agreement dominating the responses. The data suggest that cybersecurity is emerging as a uniformly recognised challenge with implications for industrial relations, irrespective of enterprise size.

Migration was another area where respondents expressed relatively strong agreement. Overall, 28.6% agreed and an identical proportion somewhat agreed that migration influences social dialogue, while 32.1% remained neutral. The highest agreement was observed among micro-enterprises (50%), followed by 31.5% of large firms with more than 250 employees. Among medium-sized enterprises (50–249 employees), no respondents expressed full agreement, but 75% indicated partial agreement. These findings highlight the differentiated ways in which companies perceive the effects of migration on labour markets, with smaller and larger firms more likely to view it as a driver of dialogue than medium-sized ones.

Taken together, these responses demonstrate that while "traditional" economic and labour-related concerns remain central to Romanian social dialogue, new and atypical issues—digitalisation, telework, cybersecurity, and migration—are increasingly recognised as relevant. By contrast, topics such as the right to disconnect or natural disasters generate more fragmented or uncertain perceptions, often limited to larger employers.

5. Assessment of Possible Topics for Sectoral Social Dialogue

The survey results provide valuable insight into the thematic priorities of Romanian employers regarding sectoral social dialogue. Among the various issues raised, occupational safety and health stands out as the area with the highest level of awareness and support, with 92.9% of respondents identifying it as crucial. This was closely followed by vocational training and apprenticeships (89.3%), termination of the employment relationship (82.1%), and working time and reference periods (82.1%). Flexible working conditions (78.6%), social and health insurance (71.4%), extra-salary benefits (71.4%), and harassment in the workplace (71.4%) were also highlighted as important themes.

These results confirm that Romanian companies largely continue to prioritise what may be considered "classic" labour law topics—health and safety, training, employment termination, wage components, working time, and rest periods. The prominence of these themes indicates that, despite new challenges linked to digitalisation or environmental concerns, traditional matters remain central to collective negotiations and to the overall functioning of social dialogue. The near-unanimous recognition of occupational health and safety reflects not only the sectoral relevance of the issue but also the broader societal consensus on its fundamental importance, suggesting that it continues to serve as a cornerstone of collective bargaining in Romania.

At the same time, the survey reveals a marked reluctance to incorporate newer or less familiar issues, such as the employment of migrant workers or ecological sustainability, into the scope of sectoral dialogue. In these cases, disagreement or indifference prevailed. This reluctance may reflect broader societal anxieties, resistance to change, or simply the absence of clear policy frameworks that could guide negotiations on such topics. The results therefore suggest a potential divide between traditional economic and labour law priorities, which are well established and widely accepted, and more contemporary challenges—such as environmental sustainability or migration—where dialogue remains limited.

6. Alternative Ways of Setting Minimum Wages

The responses of Romanian employers to questions on alternative ways of setting minimum wages reveal a clear openness to both national and sectoral-level bargaining as instruments for wage regulation. When asked whether collective agreements on the minimum wage should be concluded at sectoral level, respondents expressed the strongest consensus among all surveyed countries, with 64.3% agreeing with the statement. This indicates a widespread recognition of the importance of tailoring minimum wage regulations to sectoral specificities.

At the same time, the national level was also perceived as an appropriate arena for wage setting. Half of the respondents agreed that collective agreements on the minimum wage should be concluded at national level, suggesting that both approaches are seen as complementary rather than mutually exclusive. The strong agreement with the statement that sector-wide wage agreements benefit the industry (57.1%) underscores the perception that collective bargaining can contribute not only to fairer wages but also to greater stability and predictability within sectors.

Notably, these positions are consistent across company sizes and do not depend on whether the respondent companies currently have a collective agreement in place. This suggests that there is a broad-based recognition of the potential benefits of wage regulation through collective bargaining, independent of organisational characteristics.

Finally, when asked whether companies would consider joining a sectoral employers' organisation if bargaining included sectoral wage setting, 39.3% of respondents answered positively, while another 39.3% indicated that they were already members. Only 21.4% rejected this option. This finding indicates that sectoral wage bargaining could serve as an incentive for wider employer organisation membership, thereby strengthening the institutional framework of social dialogue in Romania.

Co-funded by the European Union

7. Climate Change and ESG Engagement

The responses of Romanian employers to questions on climate change reveal a rather cautious and, in some cases, sceptical outlook. When asked whether climate change is considered an important issue, less than one third of respondents (30.8%) expressed agreement, while a further 34.6% somewhat agreed. However, nearly one fifth (19.2%) took a neutral position, and 15.4% expressed some form of disagreement. Sectoral differences are particularly striking: in manufacturing, agreement and disagreement were evenly balanced at 45% each, reflecting a polarised perception, whereas in services agreement levels were lower (20%), accompanied by a larger share of neutral responses (33%).

On the related question of whether collective agreements reflect changing energy prices, the distribution of responses largely mirrored that of the climate change question, with no significant divergence in patterns between the manufacturing and service sectors. This suggests that climate and energy concerns are perceived similarly by employers, and that both remain at the margins of collective bargaining practice.

Perhaps most telling is the response to the question on whether global warming will impact employers within the next decade. Only a very small proportion of employers expressed agreement (7.7%) or partial agreement (3.8%). By contrast, half of respondents (50%) adopted a neutral stance, while nearly 40% expressed outright disagreement to varying degrees. These results reveal a widespread detachment from climate policy discourse, with employers either sceptical of its relevance or unwilling to engage with its potential implications for the labour market.

In contrast, attitudes towards ESG (Environmental, Social, and Governance) activities appear somewhat more open. A clear majority—42.3% agreeing and 38.5% somewhat agreeing—indicated that employee representatives, such as trade unions, works councils, or staff members on management or supervisory boards, are typically involved in discussions on ESG-related issues. This finding suggests that, while climate change is not yet perceived as a pressing topic for sectoral or company-level dialogue, ESG frameworks may provide a more accepted and practical entry point for sustainability discussions, reflecting a potentially more collaborative approach to these themes.

III. Summary of Interviews with Companies and Trade Unions

For Romania, two sectors were selected for in-depth analysis: Banking activities and Energy, oil and gas and energy mining.

The Banking activities sector represents a newly defined collective bargaining sector, established under the Ministerial Order MMSS no. 2311/2023, by detaching it from the broader category of "Financial, banking and insurance activities." According to data from the National Institute of Statistics (INS), the sector "40. Banking activities" includes an average of 48,198 employees, representing a significant and clearly delineated bargaining field.

On the employers' side, the Council of Banking Employers in Romania (CPBR), affiliated with CONCORDIA, is the sole organisation holding representativeness at sectoral level. On the trade union side, representativeness is held by the Federation of Insurance and Banking Unions and the Federation of Financial Industry Unions, both formally recognised as sectoral actors. Notably, the banking sector is currently the only sector in Romania with a valid sectoral collective agreement. Its negotiation was initially carried out at the level of banking units affiliated with CPBR, but its applicability was subsequently extended to the entire sector following the adoption of the 2022 Social Dialogue Law. Most of the interviewees from the banking sector were representatives of CPBR member banks and had direct involvement in these negotiations.

The Energy, oil and gas and energy mining sector (Sector 5), in contrast, has not undergone structural change following the 2023 redefinition of collective bargaining sectors. Despite its strategic importance to the Romanian economy, the sector remains without a sector-wide collective agreement comparable to the one achieved in banking. The interviews conducted with representatives from this sector therefore provided a useful counterpoint, highlighting both the challenges and the unrealised potential of sectoral bargaining in areas with complex industrial and state involvement.

For Romania, two sectors were selected for in-depth analysis: Banking activities and Energy, oil and gas and energy mining.

The Banking activities sector represents a newly defined collective bargaining sector, established under the Ministerial Order MMSS no. 2311/2023, by detaching it from the broader category of "Financial, banking and insurance activities." According to data from the National Institute of Statistics (INS), the sector "40. Banking activities" includes an average of 48,198 employees, representing a significant and clearly delineated bargaining field.

Co-funded by the European Union

On the employers' side, the Council of Banking Employers in Romania (CPBR), affiliated with CONCORDIA, is the sole organisation holding representativeness at sectoral level. On the trade union side, representativeness is held by the Federation of Insurance and Banking Unions and the Federation of Financial Industry Unions, both formally recognised as sectoral actors. Notably, the banking sector is currently the only sector in Romania with a valid sectoral collective agreement. Its negotiation was initially carried out at the level of banking units affiliated with CPBR, but its applicability was subsequently extended to the entire sector following the adoption of the 2022 Social Dialogue Law. Most of the interviewees from the banking sector were representatives of CPBR member banks and had direct involvement in these negotiations.

The Energy, oil and gas and energy mining sector (Sector 5), in contrast, has not undergone structural change following the 2023 redefinition of collective bargaining sectors. According to INS data, this sector has a mandatory average number of 80,850 employees, making it one of the largest bargaining fields in Romania. On the employers' side, representativeness is held by the Federation of Energy Producers (FPE, formerly FPPG – Oil and Gas Employers Federation) and by ACUE – Federation of Associations of Energy Utilities Companies, both affiliated with the CONCORDIA Employers' Confederation. On the trade union side, five representative federations are active: the Federation of Trade Unions GAZ-Romania, the National Federation of Mines and Energy, the Federation of Free and Independent Trade Unions "Petrol-Energie", the Federation of Free Independent Trade Unions "Energetica", and the National Federation of Electricity Trade Unions "Univers".

Despite the presence of representative organisations on both sides, no sectoral collective bargaining has been held in this field for the past 15 years. Attempts to initiate negotiations have remained largely at a declarative stage, without translating into effective bargaining processes. Consequently, the interviews with representatives from the energy sector placed particular emphasis on identifying the concrete barriers that have prevented negotiations from starting, as well as exploring the potential—though not always desirable—stimuli that could encourage employers to engage in such dialogue.

In total, 18 semi-structured interviews were conducted between 14 October and 22 November 2024 with representatives of both employers and trade unions from the two selected sectors. These interviews provided in-depth insights into the practical functioning, challenges, and potential of sectoral social dialogue in Romania.

The Banking sector is the only one of the collective bargaining sectors in Romania where there is currently a valid sector collective agreement.

The Energy, oil and gas and energy mining sector presents a particular diversity, both in terms of the specificity of the activities included and the occupations of the employees who enter the structure of this sector.

1. Push and Pull Factors for Sectoral Collective Bargaining

The question was: *What are the push and pull factors for sectoral collective bargaining?*

The interviews conducted in Romania indicate that the incentives for sectoral collective bargaining differ significantly between sectors. In the banking sector, the existence and functioning of the Council of Banking Employers in Romania (CPBR) was repeatedly identified as a decisive factor. The CPBR provided a stable institutional platform and fostered a climate of trust among employers, which in turn facilitated dialogue with representative trade union partners. Interviewees emphasised that the initiative to create the CPBR in 2014 came from the leadership of several large banks—most of them with majority foreign capital—whose managerial culture was shaped by Western European traditions of social dialogue. This cultural background contributed to the recognition that negotiation with trade unions could reinforce stability and enhance credibility, both internally vis-à-vis employees and externally in relation to customers. For banks, where reputation and public trust are of particular importance, collective bargaining was also seen as a tool to mitigate the risks of labour disputes becoming public and threatening institutional stability. Furthermore, in a context where the sector has lost some of its attractiveness compared to previous decades, the existence of collective agreements has served as a means to retain staff and to attract new, highly qualified professionals. In addition, interviewees mentioned that fiscal or economic incentives—such as tax advantages linked to the conclusion of sectoral agreements—could encourage wider employer participation in collective bargaining.

In contrast, the energy, oil and gas, and energy mining sector has not experienced sectoral bargaining for the past fifteen years, despite the presence of representative federations on both sides of the dialogue. Here, the interviews revealed a set of potential but as yet unrealised incentives. One frequently mentioned condition was the need for stronger and more coherent organisation among the social partners, with representative bodies able to consolidate positions and negotiate credibly at sectoral level. Several respondents also stressed that the current definition of the energy sector is too broad, grouping together companies with divergent profiles, which makes joint bargaining more difficult. A more precise delineation of sub-sectors could create a more homogeneous bargaining framework.

Cultural factors were also mentioned, particularly the lack of a strong tradition of open dialogue and cooperation. Promoting a genuine culture of negotiation—backed by better knowledge of the advantages that sectoral agreements can provide—was identified as an essential precondition for progress. Alongside this, the professionalisation of both employer and trade union leadership was seen as crucial: interviewees highlighted the need for training in negotiation and for a deeper understanding of the sector's economic realities, particularly on the union side.

From an economic perspective, some respondents argued that employers would be more inclined to engage if clear economic benefits or tax incentives were attached to the conclusion of sectoral agreements. The revised Social Dialogue Law of 2022, which lowered representativeness thresholds and introduced mandatory initiation of bargaining, was seen as a potential driver. However, views diverged: union representatives argued that the law should go further by imposing mandatory outcomes and sanctions, while employers maintained that such obligations undermine the voluntary nature of social dialogue and reduce incentives, particularly where company-level agreements are already in place.

Finally, external and internal pressures were mentioned as possible stimuli. External pressure could come from government prioritisation of strategic sectors or from European institutions through conditionalities linked to programmes such as the NRRP. Internal pressure could come from employees themselves, provided they are better informed and more engaged in union activity. Yet, many employers clearly rejected the idea of pressure—whether from Brussels or Bucharest—as a desirable solution, emphasising instead voluntary cooperation based on trust and mutual interest.

2. Legal or Other Barriers and Obstacles to Effective Bargaining

The question was: *Can you identify any legal or other obstacles hindering effective bargaining and any stimulus facilitating it?*

In the banking sector, participants in the interviews identified three broad categories of barriers: human, legal, and economic. Human factors were considered particularly significant. Respondents highlighted a persistent lack of trust between social partners and pointed to the reluctance of some employers to share information within employers' associations, out of fear that transparency might weaken their competitive position. Tense relations between management and unions at company level were also mentioned as obstacles, as unresolved conflicts risked being transferred to the sectoral agenda. Indeed, there were cases in which unions dissatisfied with outcomes at company level sought to escalate their demands through sectoral negotiations, creating further resistance among employers.

From a legal perspective, interviewees acknowledged that the Social Dialogue Law provides a framework for both unit-level and sector-level bargaining and imposes a mandatory obligation to initiate negotiations. However, they also argued that certain provisions tend to discourage bargaining. Over-regulation in the labour field, with detailed statutory entitlements, leaves limited space for negotiation and reduces employers' willingness to grant additional rights through collective agreements. In addition, Article 155 of Law 367/2022, which grants employees the right to strike against government social and economic policies even during the validity of collective agreements, was perceived as undermining the stability traditionally associated with CLAs.

Economic factors were less prominent in the banking sector but were not absent. Some respondents stressed that smaller banks may face budgetary constraints, making it difficult for them to absorb the financial obligations arising from sectoral agreements, particularly in relation to compensation payments or enhanced benefits.

In the energy, oil and gas, and energy mining sector, obstacles were perceived as more structural and entrenched. One major difficulty is the diversity of companies operating within the sector, which includes both state-owned and private enterprises with widely differing activities, from mining and energy production to distribution and supply. This heterogeneity makes it challenging to define common objectives and to establish provisions that are applicable across the sector. The complexity of coordinating a large number of actors with divergent priorities was seen as a serious impediment to any potential sectoral CLA. Employers also pointed out that the imposition of uniform wage scales or benefit packages could generate tensions, especially since smaller companies would struggle to meet the same standards as larger entities.

Another important barrier is the existing tradition of unit-level bargaining. In most energy companies, strong unions already negotiate collective agreements at company level, and these negotiations are often tense and difficult. Employers therefore see little added value in pursuing sectoral bargaining, fearing that it could escalate demands rather than facilitate compromise. Related to this is the widespread concern that sectoral agreements could encourage excessive wage increases, thereby jeopardising competitiveness.

Co-funded by the European Union

Interviewees also emphasised the problem of trade union fragmentation. The presence of many small, sometimes competing unions undermines coherence and makes it difficult to build strong sectoral federations. While the new Social Dialogue Law lowered the threshold of representativeness for unions, this change has, paradoxically, created even greater fragmentation. Employers stressed that this proliferation of representative organisations makes meaningful sector-level bargaining even more difficult.

Other barriers identified include the persistence of a broader cultural problem: a lack of genuine trust and dialogue. Negotiations are often treated as a formal exercise rather than a substantive process of finding common ground. Both trade union leaders and employers were considered insufficiently trained in the skills required for constructive negotiation. Finally, similar to the banking sector, employers noted that legislative over-regulation leaves little room for flexibility, and the legal obligation to bargain at both unit and sector level complicates rather than facilitates dialogue.

Overall, the interviews suggest that in Romania, barriers to effective sectoral bargaining are multidimensional. In the banking sector, they are rooted primarily in issues of trust and legal disincentives, whereas in the energy sector, structural diversity, union fragmentation, and a weak culture of negotiation present formidable obstacles. Both cases point to the need for reforms that address not only the legal framework but also the institutional culture and capacities of the social partners.

3. Efficiency of Sectoral Collective Bargaining

The question was: *In your opinion, what would make collective bargaining more efficient?*

In the banking sector, interviewees stressed that the efficiency of sectoral collective bargaining depends largely on human factors. On the one hand, trade union representatives must further professionalise their role, developing a deeper knowledge of macroeconomic realities and sector-specific conditions in order to formulate reasonable and well-argued demands. On the other hand, employers need to strengthen their awareness of the importance of social dialogue and recognise the potential advantages of constructive cooperation with trade unions. Successful bargaining therefore requires not only technical expertise but also a cultural shift towards mutual recognition of the legitimacy and utility of dialogue.

In the energy, oil and gas, and energy mining sector, interviewees similarly emphasised the importance of transparency, trust and the professionalisation of social partners. For negotiations to be effective, employers, unions and employees must engage in open and honest dialogue, with union representatives having access to relevant economic data to ensure that their demands are realistic. Respondents also underlined that the negotiation process would benefit from a more streamlined structure, with a limited and well-coordinated number of participants, in order to avoid disorganisation. Establishing a framework of guiding principles—such as feasibility, fairness and the pursuit of common solutions—was seen as essential for ensuring that negotiations move beyond rigid positional bargaining and towards genuine problem-solving.

4. The Effects of Recent Crises

The question was: *In your opinion, how did the crisis (COVID-19, economic, climate, war between Russia and Ukraine) affect collective bargaining in your sector?*

In the banking sector, interviewees underlined that the COVID-19 pandemic had a direct and significant impact on collective bargaining. During the state of alert, the government extended the validity of all collective agreements due to expire, including the first CLA signed in 2018 at the level of CPBR-associated banks, which was prolonged until new negotiations in 2022. The pandemic also brought new themes into the bargaining agenda, such as employee health and safety, teleworking conditions, and additional benefits beyond wage indexation. Employers' attention to protecting workers' health and safeguarding jobs fostered trust between social partners and strengthened the bargaining climate. In the aftermath, the economic crisis and inflation generated pressure for wage adjustments, yet unions generally showed greater flexibility and understanding of the unpredictable environment. By contrast, the war in Ukraine was not perceived as having influenced collective bargaining in the banking sector.

In the energy, oil and gas, and energy mining sector, respondents also identified the COVID-19 pandemic as a decisive moment, particularly because activity in this vital sector could not be interrupted during the quarantine period. The need to maintain operations while ensuring health and safety fostered closer cooperation between employers and unions, leading to swift solutions regarding protective measures and the organisation of telework where possible. Teleworking, however, introduced new demands from unions concerning compensation for additional costs. Beyond the pandemic, inflation and broader economic difficulties intensified union pressure for wage increases, at a time when companies were already financially strained, reducing the willingness of both sides to open new sectoral negotiations. More recently, the energy crisis itself—together with government-imposed price caps and embargoes on Russian companies—has generated additional costs for firms, further restricting their ability to accommodate union demands.

5. The Importance of Social Dialogue at Sectoral Level Compared to the National One

The question was: *How does sectoral social dialogue relate to national social dialogue? For example, are tripartite agreements (e.g. on minimum wages or working time) concluded at the national level, which affect the social partners' room for manoeuvre in the sector?*

In the banking sector, the perspectives of employers and trade unions differ significantly. Employers unanimously emphasised that social dialogue at sectoral level is more relevant than at national level. Their reasoning is rooted in the sector's distinct characteristics, which require tailored approaches to workforce management that cannot be adequately addressed through a national framework. In their view, sectoral dialogue offers the necessary flexibility and responsiveness to specific needs, while national-level bargaining adds little value in the Romanian context, especially given the already detailed labour legislation that leaves limited scope for additional regulation at this level. Since 2010, Romania has not had a single national collective labour agreement, a fact that further reinforces the belief among banking employers that national-level dialogue has lost its relevance. In contrast, trade union representatives stress the importance of national social dialogue, arguing that a collective labour agreement at this level could provide a foundational framework for subsequent negotiations at both sectoral and unit level. They consider such an instrument essential for ensuring coherence and establishing a baseline of rights across the economy.

In the energy, oil and gas, and energy mining sector, the divergence of views between employers and trade unions is even more evident. Trade union representatives advocate strongly for a national collective agreement, which they see as a safeguard for establishing minimum rights applicable to all workers, thereby encouraging sectoral bargaining. From their perspective, national dialogue can serve as an anchor for social protection in a sector marked by substantial economic and organisational diversity. Employers, however, express more scepticism. While a minority of them concede that a minimalist national agreement based on general principles could serve as a useful starting point for more detailed sectoral and unit-level negotiations, the majority reject this option. They argue that such an agreement is unlikely to be feasible in Romania, given the conflicting interests of trade unions, employers, and the government. Employers also stress that national agreements would reduce labour market flexibility, disproportionately empower trade unions, and generate additional costs that, in the case of state-owned companies, would ultimately affect the state budget. Instead, they consider sectoral agreements better suited to addressing the specific challenges of the industry, though they recognise that the fragmentation of trade unions and the heterogeneity of companies in the sector pose serious obstacles. Many employers thus favour unit-level bargaining, which allows greater adaptability to local circumstances, over what they perceive as overly general and impractical national or sectoral frameworks.

6. The Optimal Topics to be Included in the Sectoral Social Dialogue

The question was: *Are there any areas of employment regulation that could (in your opinion) be improved by a sectoral collective agreement? If so, in which areas and with what possible content? Are there any subjects in your sector that would be worth being involved in under the scope of sectoral social dialogue (with the involvement of trade unions)?*

In the banking sector, employer representatives identified several key areas where sectoral social dialogue could bring significant improvements beyond the current provisions of national labour legislation. Education and training were frequently mentioned, with particular emphasis on establishing a more structured system of occupational standards and qualifications. Respondents argued that this would not only ensure consistency across the sector but would also strengthen the adaptability of the workforce in a rapidly changing financial environment. Remote work organisation was also highlighted as a priority, given the accelerated shift to teleworking during and after the COVID-19 pandemic. In addition, interviewees considered that combating harassment and promoting inclusion in the workplace are themes well-suited for sectoral regulation, given their importance for ensuring equitable working environments and maintaining the sector's credibility and attractiveness as an employer.

In the energy, oil and gas, and energy mining sector, respondents similarly emphasised the value of addressing sector-specific issues through collective bargaining at the sectoral level. Occupational safety and health standards were seen as particularly crucial, reflecting the hazardous nature of many activities in the sector. Participants argued that uniform OSH requirements, including clear rules on working time for dangerous activities and the provision of appropriate protective equipment, would not only safeguard workers but also ensure equal conditions among employers, including smaller companies and subcontractors engaged in public tenders. Beyond safety, several interviewees stressed the importance of embedding sustainability and operational responsibility into sectoral agreements, for example through provisions on service quality and safety protocols, which could contribute to fair competition across the sector. Finally, trade union representatives underlined that sectoral agreements should guarantee basic rights—such as social protection, non-discrimination, and pay equity—to create a framework of fair treatment for all employees, irrespective of company size or ownership structure.

7. Minimum Wage

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

In the banking sector, most of the interviewees supported the idea that the minimum wage should be negotiated at sectoral level, arguing that each sector has distinct characteristics that should be reflected in wage-setting mechanisms. Within the banking sector, the introduction of a minimum wage was the result of both trade union initiatives and employers' willingness to demonstrate appreciation for the work of junior employees. The sectoral minimum wage has therefore taken on a symbolic as well as practical role, intended to strengthen the image of the sector as one that values professionalism and seeks to maintain stability. However, respondents also acknowledged that such a measure cannot fully prevent the migration of workers either across sectors or within the banking sector itself, as employees who migrate are generally not those paid at minimum wage levels but rather those with higher skills and greater mobility.

In the energy, oil and gas, and energy mining sector, perspectives on minimum wage regulation diverged but tended to converge on the importance of establishing minimum wage levels through sectoral collective bargaining. Respondents argued that the national minimum wage is inadequate for sectors characterised by complex and highly qualified work. For example, a skilled electrician would never accept a wage set at the national minimum level, which fails to reflect the qualifications required and the risks involved. By contrast, a sectoral minimum wage negotiated through collective agreements could account for the realities of the labour market, the specific demands of the work, and the economic capacity of the sector. Such a framework would also help address problems of unfair competition, by preventing smaller companies from undercutting wages and creating distortions within the sector. Moreover, respondents underlined that sectoral regulation would reduce wage-driven migration between companies operating in the same industry. At the same time, they emphasised that this approach should function in parallel with a national minimum wage that continues to provide a baseline standard across the economy and safeguards against practices linked to the informal labour market.

8. The Effects of Robotisation and Automation

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

In the banking sector, interviewees noted that digitalisation and technological change are already well advanced, significantly shaping both employer strategies and employee perceptions. Employers benefit from reduced labour costs through the introduction of new technologies, but this does not necessarily translate into immediate redundancies. Instead, banks often seek to reallocate employees to positions where they can generate greater added value for the company. This approach is closely tied to the sector's decreasing attractiveness compared to other industries and the persistent labour shortage in Romania, which incentivises employers to retain skilled staff rather than replace them. Employees, in turn, must accept and adapt to these transformations, recognising the opportunities that technological change may bring. Employers support this adjustment by offering reskilling and upskilling programmes to ensure that workers can continue to contribute meaningfully in new roles created within the sector.

Co-funded by the European Union

In the energy, oil and gas, and energy mining sector, automation and robotisation are primarily viewed as tools for improving efficiency and reducing costs. However, these developments also pose risks, particularly the reduction of jobs and the consequent need for retraining and professional development. Interviewees stressed that collective bargaining must adapt to these realities by explicitly addressing employee training and lifelong learning, thereby facilitating a just and sustainable transition to technologically transformed workplaces. At present, negotiations at company level often address workforce reductions only in the short term, without sufficiently integrating provisions for future training or long-term strategies to enable employees to adapt to new technological requirements. This short-term approach risks leaving workers unprepared for the scale of transformation that automation and robotisation will bring to the sector.

9. Additional Circumstances Affecting Sectoral Social Dialogue

The question was: *Is there any circumstance not mentioned in questions 1–9 that you consider important for the situation of your sectoral social dialogue?*

No further circumstances were identified by respondents, with interviewees emphasising that their views and concerns had already been fully covered in their answers to the previous questions.

Conclusions

Sectoral collective bargaining in Romania remains in its early stages, shaped by a recently adjusted legislative framework which, despite improvements, has not yet succeeded in effectively stimulating social dialogue. The fragmentation of trade unions and the absence of unified employer representation complicate the process, while structural disparities between large and small companies, as well as the diversity of activities and occupations encompassed within sectors, create further difficulties in establishing generalised agreements.

The comparative examination of the banking and energy sectors illustrates the uneven progress across different parts of the economy. The banking sector demonstrates the potential of a well-functioning sectoral collective agreement, supported by a tradition of negotiation. Several factors have favoured this development: the Western organisational culture shared by bank leaders, the sector's need for stability and strong public reputation, and the consolidation of employer representation through the Council of Banking Employers in Romania (CPBR). By contrast, the energy, oil and gas, and energy mining sector is marked by significant diversity among companies, union fragmentation, and the absence of sectoral collective bargaining for the past fifteen years. Barriers here include the complexity of the process, the broad definition of the sector, the divergence of interests among stakeholders, and a regulatory framework that leaves little flexibility for negotiation.

Across both sectors, the incentives for initiating sectoral collective bargaining are linked to the necessity of building trust between social partners and to the potential economic and reputational gains. Strengthening the education and training of employer and trade union leaders and promoting a genuine culture of dialogue are consistently recognised as essential. In addition, potential fiscal or economic benefits for companies engaged in sectoral bargaining are seen as useful levers to stimulate dialogue.

Nonetheless, both sectors confront common barriers that impede the development of effective and sustainable collective bargaining. A lack of trust, transparency concerns, and employers' fear of excessive union demands are recurring obstacles. Over-regulation in labour law constrains flexibility, while trade union fragmentation reduces coherence, especially in the energy sector. The absence of sufficient education and training in the field of social dialogue further undermines the professionalism of both employer and union representatives, weakening the chances of meaningful negotiations. Moreover, the prevalence of unit-level collective labour agreements—often concluded through difficult and tense processes—discourages employers from entering into broader sectoral agreements, where tensions could escalate.

The impact of recent crises has further revealed both the need for and fragility of dialogue. The COVID-19 pandemic temporarily fostered cohesion between employers and unions, as both sides were forced to cooperate on issues such as workplace safety and job protection. However, subsequent economic turbulence, rising inflation, and the energy crisis, including government interventions such as price caps, constrained available resources and deepened the gap between large and small companies, especially in their ability to extend additional rights to employees.

For sectoral collective bargaining in Romania to move from a theoretical framework to a practical reality, the active and committed involvement of all social partners—trade unions, employers' associations, and public authorities—is essential. Key priorities include the professionalisation of representatives, the establishment of a more flexible and coherent legislative framework, and the systematic promotion of trust and transparency in negotiations. Only through genuine dialogue, anchored in shared interests and tailored to the specificities of each sector, can sectoral collective bargaining evolve into an effective instrument for improving working conditions and enhancing Romania's economic competitiveness.

The Romanian Report identifies several measures that could create a more favourable environment for effective sectoral collective bargaining, thereby strengthening both industrial relations and economic competitiveness.

A first priority is the professionalisation of social leaders. Trade unions and employers' organisations need to invest more systematically in the training of their representatives, focusing not only on labour law and negotiation techniques but also on macroeconomic developments and the specific challenges of their respective sectors. Such professionalisation would increase the quality of negotiations and enhance mutual trust between the parties.

A second measure concerns the creation of a more flexible legislative framework. While the Social Dialogue Law of 2022 marked progress, further revisions are needed to reduce over-regulation and to grant social partners greater autonomy in initiating and conducting negotiations. Overly detailed legal provisions leave little room for sector-specific adaptation, which undermines the incentives for meaningful bargaining.

The redefinition of collective bargaining sectors is another area of reform. Some sectors, such as "Energy, oil and gas and energy mining", are currently too broadly defined and include companies with highly diverse activities. A more precise delineation of sectors, reflecting their economic and technological specificities, would increase the feasibility of sectoral agreements.

In addition, fostering a genuine culture of dialogue is crucial. Public information campaigns and joint workshops for employers and trade unions, disseminating examples of good practice such as the banking sector agreement, could help demonstrate the tangible benefits of collective bargaining and encourage wider participation.

Reducing the fragmentation of organisations is also a recurring recommendation. Consolidating trade unions and employers' associations into fewer, but more representative structures would enhance their bargaining power and credibility, enabling them to negotiate effectively at sectoral level.

Economic incentives for companies that adopt sectoral agreements could further stimulate participation. Providing tax advantages or other financial benefits would create tangible rewards for employers who engage in sectoral bargaining, balancing the additional obligations such agreements may entail.

Finally, the report highlights the potential role of external actors, particularly the government and European institutions, in supporting sectoral social dialogue. Moderate legislative encouragement, coupled with recognition of the autonomy of the social partners, could reinforce the legitimacy of agreements. Authorities should avoid rigidly imposed measures but should instead accept and promote bipartite proposals, thereby creating policies that reflect the negotiated consensus of representative social partners.

Taken together, these recommendations outline a development pathway for Romania in which professionalisation, institutional consolidation, legislative flexibility, and cultural change converge to create an enabling environment for sectoral social dialogue.

IV. Presentation of the results of the Romanian national seminar, workshop

1. Trends and Driving Forces Influencing Social Dialogue in the Next Decade

The Romanian national workshop highlighted a number of trends and driving forces that are likely to shape the development of social dialogue in the coming decade. Participants also proposed possible actions to address these challenges and opportunities.

One major trend identified is the pursuit of increased economic competitiveness, driven by rapid digitalisation and economic growth. Economic prosperity is expected to stimulate greater efficiency, productivity and innovation, thereby intensifying market competition. In this context, participants argued that investment in advanced technologies, the facilitation of workforce upskilling, and the establishment of funding schemes to support innovative start-ups will be essential. Improving vocational education and training programmes and adopting targeted business strategies were also regarded as key steps to ensure that competitiveness translates into sustainable economic development.

A second trend relates to the automation of processes, resulting from the high adoption of digital technologies. As businesses become more reliant on advanced technology and software, routine and repetitive tasks are increasingly automated. To mitigate the risks for workers, participants recommended the implementation of professional

Co-funded by the European Union

reconversion programmes, the provision of continuous professional training, and the development of specific skills initiatives aimed at adaptation to automation. Digital literacy was singled out as a crucial competence for all employees, regardless of sector.

Another important trend is the decreased interest in unionisation, which is closely connected to the high levels of automation and the resulting reduction in traditional jobs. Fewer jobs in their classical form could weaken both union representation and collective bargaining processes. To counteract this, participants emphasised the need to redefine and modernise the roles of trade unions and employers, to establish digital platforms that facilitate dialogue between employee representatives and employers, and to strengthen the digital communication capacity of trade unions in particular.

At the same time, economic growth and market expansion are expected to lead to the emergence of new jobs. Rising consumer demand and business expansion are creating new forms of employment that require new approaches in social dialogue. Flexible collective agreements and hybrid working arrangements were mentioned as potential tools to adapt to these changes. In addition, participants considered that supplementary employee benefits, together with initiatives aimed at strengthening loyalty—such as regular team-building programmes—can play a role in promoting employee retention in a highly dynamic labour market.

The growth of employment opportunities is also expected to increase job competition. More openings will attract a larger pool of applicants, thereby intensifying competition among workers. To maintain stability in this environment, participants proposed securing job security through specific agreements, significantly increasing investment in professional development and certification, and designing vocational training closely tailored to emerging labour market needs.

Finally, participants discussed the challenge of forced professional reconversion, which may result from a combination of economic downturns and accelerated technological change. Workers displaced from traditional roles will need support to adapt to the new context. This will require proactive identification and monitoring of vulnerable jobs, the creation of sector-specific reconversion programmes, stronger public–private partnerships, and facilitated access to expert career counselling.

A further trend identified during the workshop was the increased willingness for collective agreements, which typically emerges during periods of economic downturn. Financial stress and growing insecurity of employment make collective agreements more attractive as protective measures for employees. Participants considered that awareness and advocacy campaigns emphasising the benefits of social dialogue, combined with the training of specialised negotiators, could strengthen this process. Ensuring sufficient financial resources for implementing agreements was also regarded as essential for credibility and long-term success.

2. Formulating Summary Ideas

The changing geopolitical profile was another factor noted as shaping the future of social dialogue. International political and economic shifts, including new policies and alliances, inevitably affect domestic economic conditions and social stability. In response, participants recommended the establishment of protective policies safeguarding national economic interests, the fostering of cross-sectoral collaborations, and the adoption of strategic workforce planning to adapt to fluctuating international markets.

The maintenance of traditional sectors was discussed in connection with the slow pace of digitalisation. Where digital adoption lags, conventional economic activities and associated employment patterns tend to persist. While this preserves jobs, it can also impede necessary transformation. To address this challenge, participants suggested strengthening face-to-face social dialogue in these sectors, providing fiscal incentives to encourage sustainability, supporting incremental digitalisation within established industries, and tailoring educational programmes to the specific needs of traditional sectors.

Related to this, increased resource consumption was seen as a consequence of low adoption of innovation and digital efficiency. Without embracing digital solutions, companies remain dependent on resource-intensive methods. Workshop participants emphasised the need to simplify access to funding for innovation projects, integrate digitalisation into school and university curricula, and promote sustainable resource management practices as a means of reducing inefficiencies.

Another pressing trend is job reduction, which emerges during economic decline as companies reduce revenues, downsize or close altogether. Such reductions can have wide-ranging social consequences. To counteract this, participants underlined the need for targeted professional reconversion programmes, the extension of unemployment benefit periods, and the provision of both psychological and vocational counselling. The creation of strategic cross-sector employment support initiatives was also recommended to ensure displaced workers can find viable alternatives.

The workshop also highlighted the risk of rising social tensions. Higher unemployment rates and weakened social security systems may fuel dissatisfaction and unrest. To prevent this, the diversification of employment forms—such as part-time work, job-sharing and remote work—was encouraged. Similarly, supporting self-employment initiatives, introducing temporary fiscal incentives, and improving access to psychological and social counselling were viewed as key measures to ease potential tensions.

Finally, participants drew attention to the pressure on social assistance budgets resulting from higher unemployment and social insecurity. Increased demand for government-funded services risks overstretching public resources. Possible solutions include stimulating diverse employment opportunities, encouraging temporary work abroad, and building strategic public–private partnerships to reduce dependency on social assistance schemes.

Another trend discussed in the workshop was the deterioration of social dialogue under conditions of economic stress and reduced organisational capacities. Financial strain often compels both employers and unions to focus narrowly on survival rather than investing in sustained dialogue and negotiation. To counteract this risk, participants proposed the creation of dedicated digital platforms to facilitate dialogue remotely, the continuous updating of labour laws and social dialogue regulations, and targeted training to equip social partners with the skills needed for effective remote dialogue.

Resistance to bureaucratic change was also highlighted, particularly in relation to the slow pace of digital transformation. The reluctance or inability of institutions to rapidly adopt digital tools perpetuates outdated bureaucratic processes, hindering innovation and progress in labour relations. Suggested remedies included substantial investments in process innovation and employee upskilling, the provision of comprehensive training in digitalisation, and the streamlining of bureaucratic procedures through technological integration. Establishing clear strategic goals for bureaucratic modernisation was also viewed as essential.

The final trend identified concerned investment in automation, reflecting the paradox of abundant financial resources combined with lagging technological development in some organisations. While the availability of funding creates opportunities for transformation, insufficient digital infrastructure and limited digital literacy constrain progress. To address this, participants proposed the expansion of national digital infrastructure, the allocation of dedicated national and EU funds specifically for automation and digitalisation projects, and the introduction of digital skills and literacy training at multiple professional levels.

In total, participants identified sixteen distinct trends that are expected to shape the future of social dialogue in Romania. For each of these trends, they analysed the underlying driving forces and formulated corresponding actions, providing a structured roadmap for adapting sectoral and national dialogue to emerging challenges.

V. Conclusions and Recommendations

Drawing together the findings of this report, it is evident that Romania has undergone significant legal and institutional changes in recent years, most notably with the adoption of the Social Dialogue Law (Law 367/2022). This legislation broadened the rights of employees and workers to free association, strengthened the representativeness of trade unions by lowering thresholds, and facilitated collective bargaining at both unit and sectoral level, making its initiation mandatory. Furthermore, it introduced the possibility of negotiating inter-sectoral agreements through the transfer of representativeness to higher-level organisations.

A year after its entry into force, in December 2023, the Ministry of Labour and Social Solidarity issued Order no. 2311/2023, which established 58 collective bargaining sectors—twice as many as previously existed—responding to European Commission recommendations for greater specificity in sectoral frameworks. This development provided the necessary institutional foundation for more targeted and effective sectoral dialogue.

The most significant practical achievement so far was the extension, in October 2024, of the collective labour agreement signed earlier that year at the level of a group of banking units. Covering 43% of employees in the banking sector, the agreement was extended to the entire sector at the request of the trade unions, marking the first erga omnes collective agreement in Romania. This outcome was facilitated both by the lowered threshold of representativeness for employers' associations introduced under Law 367/2022 and by the redefinition of the collective bargaining sectors, which allowed banking activities to be clearly delimited from the broader "Financial, banking and insurance" category.

Although the new legal framework is promising, its effectiveness in practice remains modest. Over the past 15 years, the number of collective agreements concluded at sector level has been limited, particularly outside the public

Co-funded by the European Union

sector. The banking agreement thus represents a symbolic and practical breakthrough, but it is not yet indicative of a broader shift. Further reforms could be beneficial, particularly in reducing legislative over-regulation and granting greater autonomy to social partners in initiating and conducting negotiations.

At the same time, the findings of the interviews and surveys make it clear that the future of Romanian sectoral dialogue will not depend on legal provisions alone. Human and cultural factors, such as promoting a genuine culture of dialogue and overcoming distrust between employers and trade unions, remain decisive. Economic incentives, such as tax benefits or other advantages for companies that conclude sectoral agreements, could also serve as strong motivators for expanding bargaining coverage.

In line with the recommendations outlined in the Report and reinforced by the research conducted for this study, the following measures are key to strengthening sectoral social dialogue in Romania: the professionalisation of social leaders, the redefinition of certain collective bargaining sectors to reflect sectoral specificities more accurately, the reduction of fragmentation among trade unions and employers' associations, and the promotion of a culture of dialogue supported by practical examples and awareness campaigns. In addition, offering economic advantages for companies that conclude sectoral agreements, and the constructive involvement of external actors such as government institutions and the European Union, could provide further stimulus.

Ultimately, for sectoral collective bargaining to evolve from isolated cases into a widespread practice, the active engagement of all social partners is indispensable. This includes employers' associations, trade unions, and public authorities. Strengthening trust, enhancing the professionalism of representatives, and developing a more flexible yet coherent legislative framework will be essential. Only through genuine and transparent dialogue, tailored to the realities of each sector, can sectoral collective bargaining in Romania move beyond its current embryonic stage and become a meaningful instrument for improving working conditions, enhancing social stability, and boosting economic competitiveness.

Co-funded by the European Union

I. Normative Framework of Social Dialogue with Special Focus on Sectoral Collective Agreements

The legal framework for social dialogue in the Republic of Serbia is established through the Constitution, ratified international treaties, and national legislation. The Constitution of the Republic of Serbia defines the state as one based on the rule of law, social justice, civil democracy, and the protection of human and minority rights, with a declared commitment to European principles and values.[1] Among these principles is the direct applicability of rights guaranteed by the Constitution. Article 16, paragraph 2, explicitly stipulates that "generally accepted rules of international law and ratified international treaties shall be an integral part of the legal system in the Republic of Serbia and applied directly. Ratified international treaties must comply with the Constitution." This provision also ensures that the supervisory mechanisms of the International Labour Organization (ILO)—notably the Committee on Freedom of Association and the Committee of Experts on the Application of Conventions and Recommendations—are part of Serbia's legal system, monitoring compliance with international labour standards.

The hierarchy of domestic legal acts is also defined by constitutional provisions. Article 195 stipulates that "all by-laws of the Republic of Serbia, general acts of organizations with delegated public powers, political parties, trade unions and civic associations and collective agreements must comply with the law." Importantly, Article 82, paragraph 3, which appears in the section on the economic system and public finances, makes a direct reference to social dialogue, stipulating that "the impact of the market economy on social and economic status of the employed shall be adjusted through social dialogue between trade unions and employers." Beyond this reference, the Constitution does not contain further provisions explicitly related to social dialogue.

Serbia has ratified a wide range of international instruments relevant to social dialogue, including the International Covenant on Economic, Social and Cultural Rights (ICESCR)[2], as well as key ILO conventions: Convention No. 87 on Freedom of Association and Protection of the Right to Organise[3]; Convention No. 98 on the Right to Organise and Collective Bargaining[4]; and the Revised European Social Charter.[5] However, Serbia has not ratified ILO Convention No. 154 on the Promotion of Collective Bargaining[6] or Convention No. 151 on Labour Relations in the Public Service, both of which are significant for strengthening the institutional framework of collective negotiations.

The Labour Law of the Republic of Serbia provides the main national legal framework for collective bargaining, including the right to bargain collectively and the conditions for representativeness of social partners. A central principle of this law is that collective agreements cannot provide a lower level of rights or worse working conditions than those guaranteed by law. They may only enhance rights or provide more favourable working conditions. Should a collective agreement contain provisions offering fewer rights or less favourable conditions than the Labour Law, those provisions are rendered void, and the statutory provisions prevail. In this sense, derogation in peius is prohibited, and only derogation in melius is permitted. While this framework provides strong protections for employees, it also renders the system relatively rigid and may reduce the incentive for employers to engage in collective bargaining.

According to Article 241 of the Labour Law, collective agreements may be concluded at three levels: general, special, and company level. A general collective agreement is concluded at the national level for the entire territory of the Republic of Serbia, between a representative association of employers and a representative trade union organisation with national coverage.

Currently, there is no valid General Collective Agreement in force on the territory of the Republic of Serbia. The last such agreement was concluded on 29 April 2008 between the Serbian Association of Employers (SAE) and the

[1] Constitution of the Republic of Serbia, Official Gazette of RS, No. 98/2006 and 115/2021.
[2] Law on ratification of the International Covenant on Economic, Social and Cultural Rights, Official Gazette of SFRY – International agreements, No. 7/1971.
[3] Decree on ratification of ILO Convention No.87 on the Freedom of Association and Protection of the Right to Organize, Official Gazette of FPRY – International agreements, No. 8/1958.
[4] Decree on ratification of ILO Convention No 98 on the Right to Organize and Collective Bargaining, Official Gazette of FPRY – International agreements, No 11/1958.
[5] Law on ratification of the Revised European Charter Official Gazette of RS – International agreements, No. 42/09.
[6] The Republic of Serbia is yet to ratify this convention.

Co-funded by the European Union

representative trade unions at national level: the Confederation of Autonomous Trade Unions of Serbia (CATUS) and the Trade Union Confederation "Nezavisnost."

Special collective agreements may be concluded for a branch, group, subgroup or economic activity, between a representative employers' association and a representative trade union operating at the corresponding level. In legal terms, representativeness is determined for a branch, group, subgroup, or activity. However, in practice, problems have arisen because of discrepancies between the Labour Law and the Regulation on the Classification of Activities[7], adopted in 2010, five years after the Labour Law. The Regulation applies categories such as "sector, area, branch, and group," which are not aligned with the terminology used in the Labour Law. The most recent amendments to the Labour Law in 2014 did not resolve this discrepancy, leaving a persistent misalignment between the statistical and legal frameworks.

This inconsistency has important practical implications. The Statistical Office of the Republic of Serbia applies the classification from the Regulation, while many trade unions remain organized according to "branches" and "activities" that are no longer formally recognized. For example, the Independent Union of Chemistry and Non-Metals is representative in its branch, although no such sector exists under the 2010 Regulation. Similarly, the Confederation of Independent Trade Unions of Serbia is recognized as representative in a sector combining agriculture, the food and tobacco industries, and water management, while UGS "Nezavisnost" is representative in agriculture and the processing industry, and the Serbian Association of Employers is representative in the agriculture and food industry sector. The merger of such diverse industries into single sectors has complicated, and in many cases prevented, the conclusion of sectoral collective agreements, since regulatory standards relevant for the tobacco industry, for instance, cannot be meaningfully applied to food processing or agriculture.

At present, 15 special (sectoral) collective agreements are in force in Serbia. The majority—ten of them—apply to employees in the state sector: seven cover public services (primary and secondary schools and student dormitories, student standard institutions, cultural institutions, social protection, higher education, health institutions, and preschool education institutions), and three cover employees in state bodies (local self-government units, state administrative bodies, and the police). Two additional special collective agreements cover employees in public enterprises (the Electric Power Company of Serbia, and public enterprises in the utility sector). Only three sectoral agreements apply to employees in the private sector: road construction; entertainment and music artists and performers in the hospitality industry; and construction and the building materials industry.

It is important to emphasize that most of these special collective agreements do not regulate wages at branch or sector level, thereby limiting the substantive scope of collective bargaining. Only the agreements for construction and road construction stipulate minimum wage levels, by establishing the hourly rate at the minimum hourly threshold. As the minimum hourly rate is adjusted annually, these provisions provide employees with some guaranteed wage increases, though only at the level of legal minimums.

Finally, collective agreements at company level are regulated by Article 248 of the Labour Law. They are concluded between the employer and a representative trade union at company level. On behalf of the employer, the agreement is signed by the authorised representative, and its provisions extend to all employees of that company, including those who are not members of the signatory trade union.

1. General Economic Trends in the Republic of Serbia with a Special Focus on the Transport, Chemical, and Non-Metal Sectors

Between 2019 and 2023, Serbia recorded a cumulative real GDP growth of 18.1%. The COVID-19 pandemic produced a noticeable but relatively moderate economic downturn in 2020, when GDP contracted by 1%. This decline was smaller than the average in European countries, largely reflecting the structural characteristics of the Serbian economy. The relatively high share of agriculture and industrial production, coupled with the limited role of durable consumer goods, mitigated the overall impact of the pandemic.

A strong recovery followed in 2021, with GDP growth reaching 7.9%, driven primarily by export expansion and robust inflows of foreign direct investment. The most significant contributions to value-added growth during this year came from wholesale and retail trade, including the repair of motor vehicles and motorcycles (NACE G, 17.5%), manufacturing (NACE C, 14.2%), and construction (NACE F, 10.4%). These three sectors together formed the backbone of the post-pandemic recovery.

[7] Official Gazette of RS, No. 54/2010.

In subsequent years, however, growth slowed considerably. This was due to the combined impact of the global energy crisis, intensified by the war in Ukraine, and the general deceleration of global economic activity. Domestic factors also played an important role: agricultural production underperformed, negatively affecting GDP due to its relatively high share in the economy, while shortcomings in development policies further constrained growth momentum.[8]

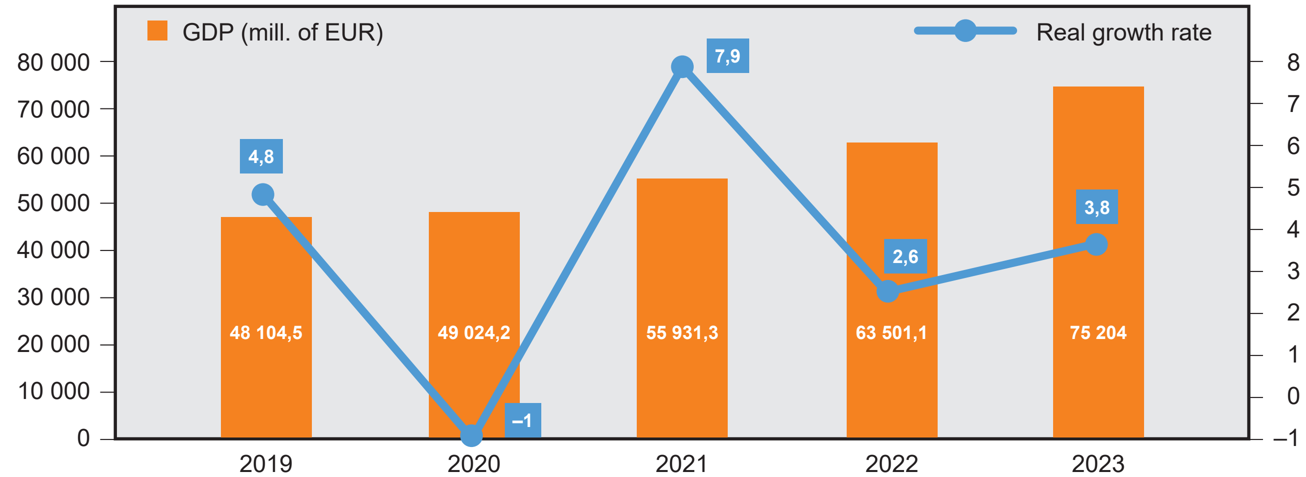


Figure 1: Gross domestic product in current prices (in millions of EUR) and the real growth rate (previous year = 100, %), Serbia, 2019-2023

Data source: Statistical Office of the Republic of Serbia, national accounts

The transport sector accounted for 2.6% of total GDP in 2023, a proportion that remained relatively stable over the period 2019–2023, fluctuating between 2% and 2.6%. In absolute terms, the gross value added (GVA) of the sector in 2023 amounted to nearly two billion euros.

In current prices, the sector's GVA showed steady growth during the period under review, with the notable exception of 2020, when it contracted by 12.3% as a direct consequence of restrictions and disruptions caused by the COVID-19 pandemic. In constant prices, after the sharp contraction in 2020, the transport sector experienced a dynamic recovery, with growth rates of 25%, 9%, and 26% in the following three years. These results point to the resilience of the sector once mobility restrictions were lifted and demand for transport services recovered, particularly in connection with regional trade flows and the resumption of economic activity.

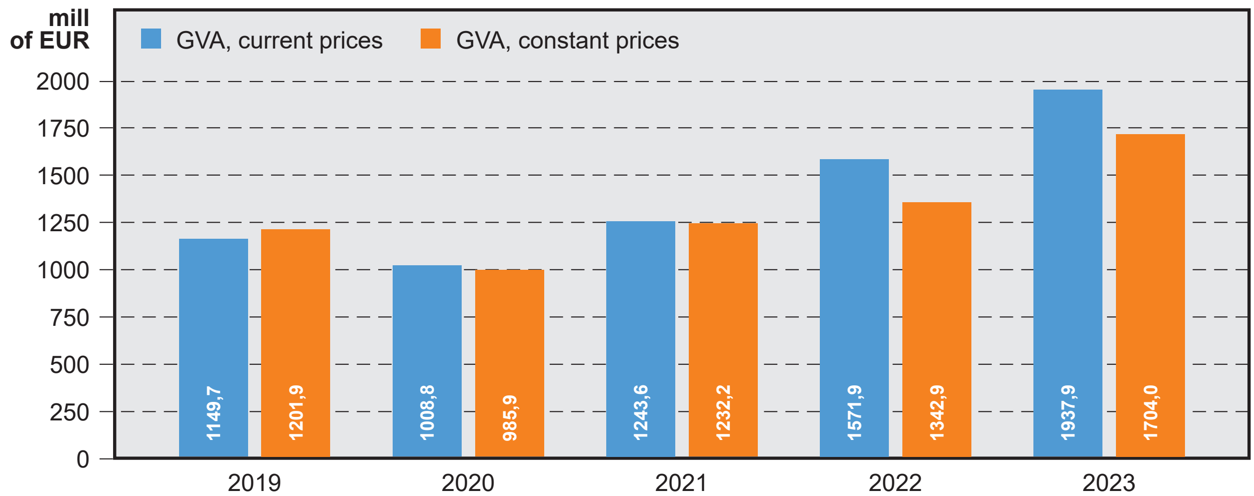


Figure 2: Gross value added of the transport sector in current and constant prices (in millions of EUR), Serbia, 2019-2023

Data source: Statistical Office of the Republic of Serbia, national accounts, author's calculations.

[8] KnjigapreporukaNacionalnogkonventa o Evropskojuniji, 2023 / [edited by Bojana Selaković]. – Beograd:Nacionalnikonvent o Evropskojuniji, 2024. p. 110

Co-funded by the European Union

Within the transport sector, land and pipeline transport have consistently dominated the structure of gross value added (GVA). In 2023, they accounted for 87.7% of the sector's GVA, underscoring their central role in the Serbian economy and reflecting the importance of road and pipeline infrastructure for both domestic logistics and regional connectivity. Air transport contributed 9.4% of GVA in the sector, while water transport remained marginal, with a share of only 2.9%. This distribution illustrates the clear predominance of land-based modes of transport in Serbia, despite ongoing efforts to diversify and modernize other subsectors.

Turning to the chemical and non-metal sectors, their share in total GDP was relatively stable between 2019 and 2022, amounting to 3.8% in 2019 and 3.7% in the following three years. However, in 2023, the sector's contribution declined to 3.2% of GDP, signalling structural pressures and potential external shocks affecting production. In absolute terms, the GVA of the chemical and non-metal sectors reached nearly 2.5 billion euros in 2023.

Measured in current prices, the sector displayed a general upward trajectory during 2019–2023, except in 2020 when the pandemic caused a contraction of 4.2% compared to the previous year. Adjusted for constant prices, however, the sector rebounded strongly after 2020, recording steady growth of 5.1% in 2021, 6.8% in 2022, and a significant 10% in 2023. This recovery highlights the adaptability of the chemical and non-metal sectors, which benefited from renewed industrial demand, foreign investment, and increased integration into regional value chains.

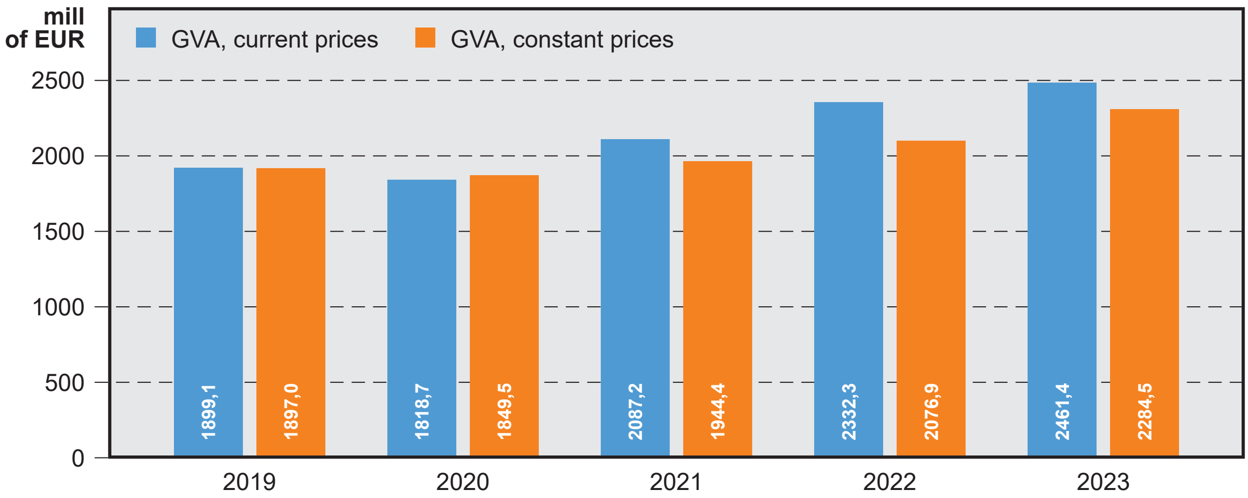


Figure 3: Gross value added of the chemical and non-metal sectors in current and constant prices (in millions of EUR), Serbia, 2019-2023

Data source: Statistical Office of the Republic of Serbia, national accounts, author's calculations.

Within the chemical and non-metal sector, the production of rubber and plastic products consistently held the largest share of GVA during the observed period. In 2023, this subsector accounted for 28.1% of total GVA in the sector, underscoring its role as the main driver of value creation. It was followed by the production of chemicals and chemical products, which contributed 16.9%, and the production of other non-metallic mineral products, which represented 15.6% of the sector's GVA. This distribution demonstrates a relatively diversified structure, with a significant emphasis on manufacturing segments closely tied to both domestic demand and export markets.

Labour productivity and labour costs provide additional insights into sectoral dynamics. Between 2019 and 2022, labour productivity—measured as value added per employee—recorded cumulative growth of 23.5%, a rate mirrored by labour costs per employee over the same period. Notably, the mining sector exhibited the strongest productivity gains, with value added per employee increasing nearly fourfold in 2022 compared to 2019. Manufacturing also demonstrated substantial productivity growth at 37.3%, while the transport and storage sector recorded an increase of 31%. These gains were achieved alongside a moderate rise in labour costs: 13.4% in mining, 23% in manufacturing, and 21.2% in transport and storage.

Such data highlight a relatively balanced relationship between productivity gains and labour cost increases, suggesting that Serbian sectors, particularly manufacturing and chemicals, remain cost-competitive while gradually improving efficiency. At the same time, the sharp productivity growth in mining reflects both structural transformations and the impact of renewed investments in resource extraction and processing.

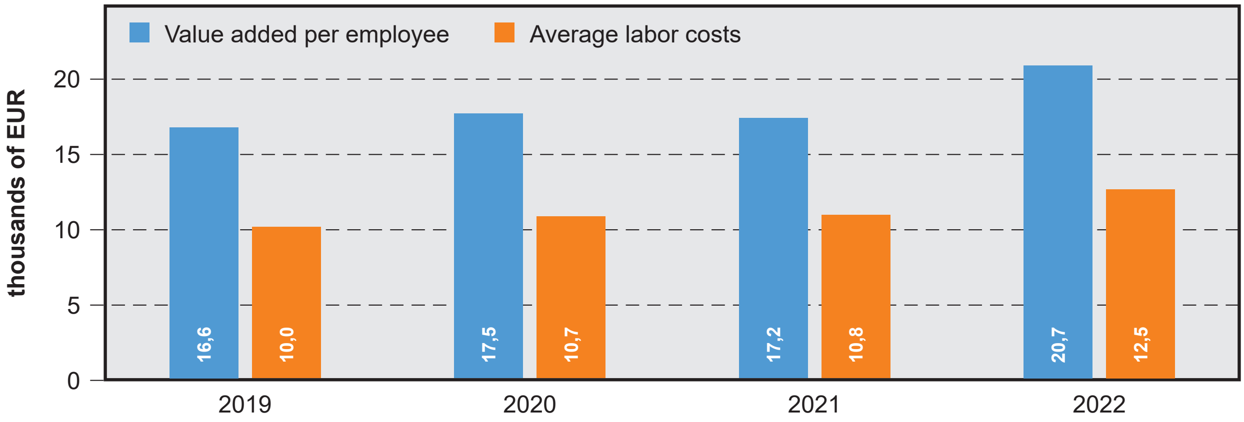


Figure 4: Value added per employee (work productivity) and average labour costs (in thousands of EUR), Serbia, 2019-2022

Data source: Statistical Office of the Republic of Serbia, Structural business statistics. Author's calculations

In the period 2019–2023, the average monthly net wage in Serbia increased substantially, rising from 466 to 734 euros (Figure 5). This represents an average nominal annual growth rate of 11.9%, while in real terms, after adjusting for inflation, wages grew at an average annual rate of 4.3%. The data thus indicate that, despite high inflationary pressures in recent years, Serbian employees experienced a tangible improvement in real income, albeit unevenly distributed across sectors.

The highest average net wages are consistently recorded in the Information and Communications sector, where employees earn approximately 2.2 times more than the national average. This reflects the strong international integration and high value-added nature of the sector, as well as the persistent shortage of qualified ICT professionals on both domestic and global labour markets. In contrast, the lowest wages are found in the Accommodation and Food Services sector, where in 2023 the average wage was 40.1% below the national average. This large gap illustrates the structural segmentation of the Serbian labour market: while high-productivity, export-oriented sectors generate significantly above-average wages, labour-intensive and service-oriented industries remain constrained by limited productivity growth and weaker bargaining power of employees.

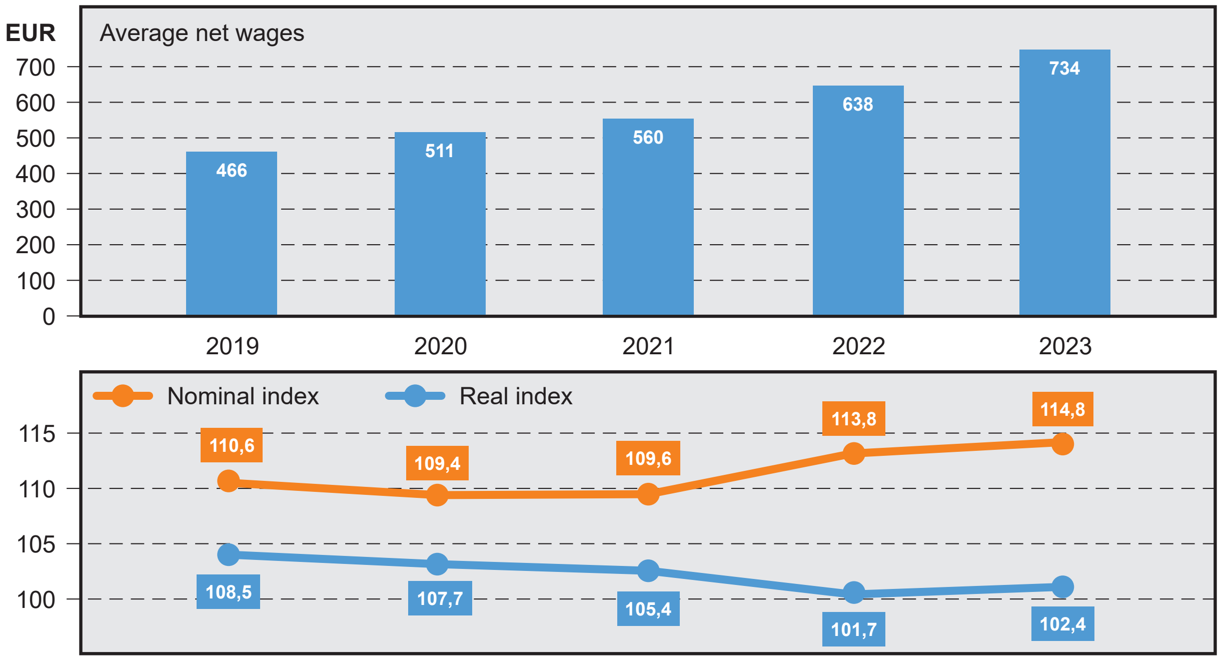


Figure 5: Average monthly net wages (in EUR), nominal and real wage indexes (previous year =100), Serbia, 2019-2023

Data source: Statistical Office of the Republic of Serbia, Wages

2. Labour Market Situation

According to Labour Force Survey (LFS) data, the Serbian labour market showed signs of improvement between 2021 and 2023.[9] During this period, the activity rate rose by 2.3 percentage points, while the employment rate increased by 3.4 percentage points. In parallel, the unemployment rate decreased by 1.7 percentage points, reflecting a generally positive trajectory in labour market outcomes. However, a closer look at the underlying dynamics reveals that these developments are not exclusively the result of genuine labour demand expansion.

The growth of employment and activity rates was partly driven by demographic shifts, most notably a pronounced depopulation trend. While the number of employees increased modestly by 2.8% and the active population by only 0.8%, the working-age population continued to shrink. Between 2021 and 2023, the number of inhabitants aged 20–64 fell by approximately 87,000. This demographic outflow, ceteris paribus, contributed an estimated 1.9 percentage points to the rise in the employment rate, indicating that statistical improvements in employment figures partly mask the structural challenges of labour supply depletion.

This combination of modest job creation and significant demographic decline underscores the dual nature of Serbia's labour market trends. On the one hand, improvements in headline indicators suggest resilience in employment despite recent crises; on the other hand, the persistent outflow of working-age individuals highlights deep-seated demographic and migratory pressures that could undermine long-term labour market stability and the sustainability of social dialogue.

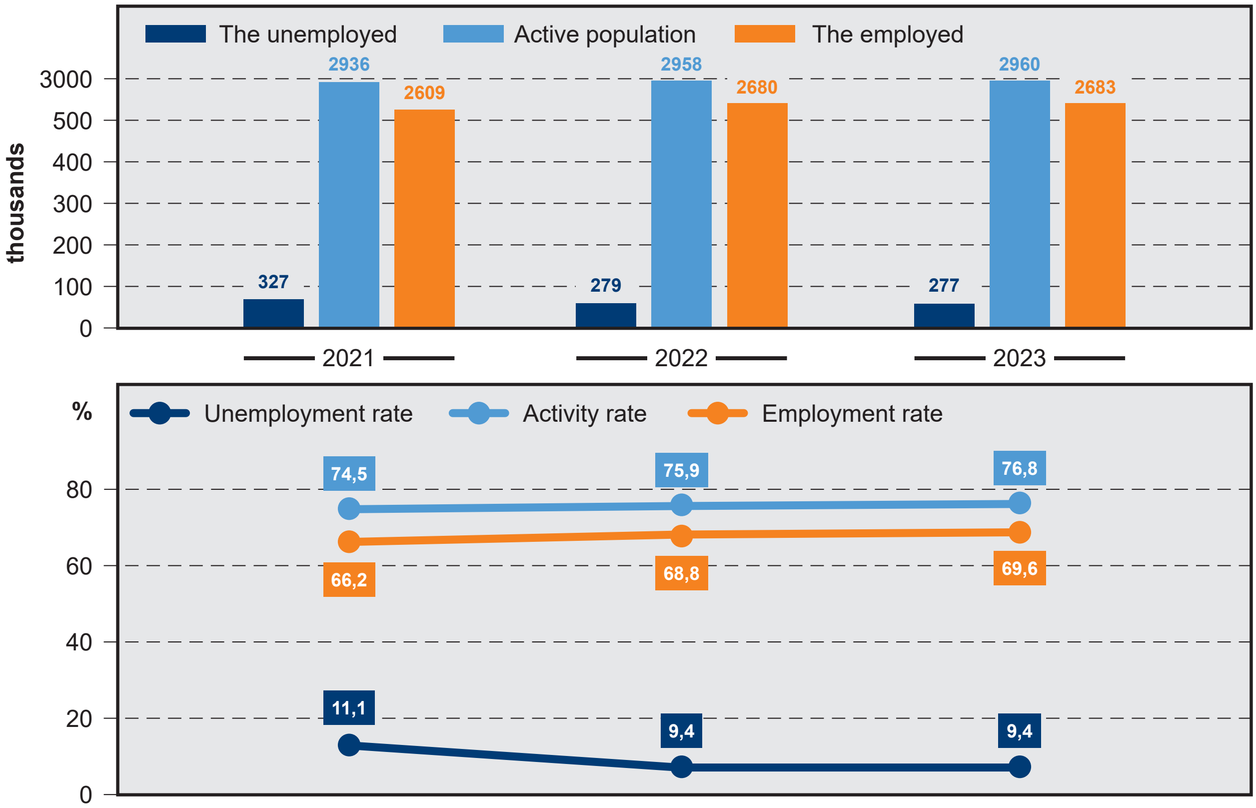


Figure 6: Basic labour market indicators for the population ages 20-64, Serbia, 2021-2022

Data source: Eurostat, Labour Force Survey

In the period 2019–2023, the number of registered employees in Serbia increased by 9.8%, corresponding to the creation of 205,688 new jobs. The dynamics of employment growth were, however, highly uneven across sectors. The Information and Communication sector recorded the most significant relative expansion, with employment rising by 56.9%. This was followed by Real Estate activities, which grew by 31.9%, and Professional, Scientific and Technical Activities, with a growth of 24.2%. These patterns point to an accelerated restructuring of employment towards knowledge-intensive and service-oriented sectors.

Conversely, some branches experienced contraction in employment levels. The Agriculture, Forestry and Fishing sector saw a notable decline of 10.8%, while the Electricity Supply sector registered a 5.1% decrease. These negative

[9] The LFS methodology changed in 2020, so the 2021 data cannot be compared to previous periods.

trends reflect both structural changes in the Serbian economy and the challenges faced by traditional sectors in adjusting to global and domestic transformations.

Despite these fluctuations, the overall sectoral composition of employment remained relatively stable over the observed period. In 2023, the services sector absorbed the majority of the workforce, accounting for 67.7% of all registered employees, while 31.1% were employed in industry and only 1.2% in agriculture. At the subsectoral level, the Manufacturing industry remained the single largest employer, engaging 21.8% of all registered employees. This was followed by Wholesale and Retail Trade, including the Repair of Motor Vehicles and Motorcycles sector, which employed 15.7% of the total workforce.

The persistence of this structure highlights the gradual but steady consolidation of Serbia's employment base in services and manufacturing, accompanied by the decline of agriculture as a source of jobs. At the same time, the rapid growth of high-value-added activities such as information and communication technologies (ICT) and professional services suggests that the Serbian labour market is undergoing a process of structural transformation that could have long-term implications for sectoral social dialogue. In particular, the expansion of these newer sectors, which traditionally exhibit lower levels of unionisation and collective bargaining, raises important questions about the future scope and relevance of sectoral agreements in Serbia.

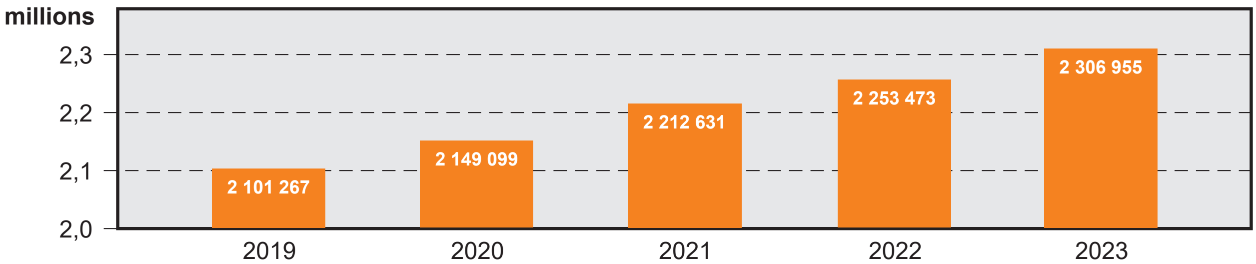


Figure 7: Employees in legal entities, the self-employed, entrepreneurs and their employees, Serbia, 2019-2023

Data source: Statistical Office of the Republic of Serbia, Registered employment

In the transport sector, the number of registered employees increased by 10.4% between 2019 and 2023. Employment growth was recorded across all subsectors, with air transport achieving the most dynamic increase of 23.2%, while land and water transport expanded by around 10%. Land transport remains by far the dominant subsector, accounting for over 96% of total sectoral employment. Consequently, the largest number of jobs created during the observed period was also concentrated in land transport, where 7,413 new positions were added, representing 94.6% of all new employment in the transport sector.

By 2023, employees in the transport sector represented 3.6% of the total registered workforce in Serbia. This relatively stable but moderate share reflects the structural importance of transport as a supporting sector for broader economic activity, while also underlining the predominance of land transport within the Serbian economy. The steady expansion of employment in this sector points to its resilience in the face of economic and geopolitical shocks during the period, yet it also highlights the concentration of jobs in subsectors where traditional collective bargaining mechanisms tend to be weaker, thus raising questions regarding the inclusiveness of social dialogue across the different branches of transport.

AREA	2019		2020		2021		2022		2023	
	number	%	number	%	number	%	number	%	number	%
In total	**75,429**	**100.0**	**79,411**	**100.0**	**81,200**	**100.0**	**80,833**	**100.0**	**83,269**	**100.0**
49 Land and pipeline transport	73,046	96.8	76,832	9.,8	78,814	97.1	78,307	96.9	80,459	96.6
50 Water transport	941	1.2	1,055	1.3	1,078	1.3	1,100	1.4	1,034	1.2
51 Air transport	1,442	1.9	1,524	1.9	1,308	1.6	1,426	1.8	1,776	2.1

Table 1: Employees in legal entities, the self-employed, entrepreneurs and their employees in the transport sector by areas, 2019-2023

Data source: Statistical Office of the Republic of Serbia, Registered employment

Co-funded by the European Union

In the chemical and non-metal sector, the number of registered employees rose by 11.6% between 2019 and 2023, corresponding to the creation of 10,139 new jobs. Employment dynamics, however, were uneven across the subsectors. The production of leather and leather products registered a decline of 6.8% in employment, whereas all other areas experienced growth. The most pronounced expansion occurred in service activities related to mining and geological surveying, where employment in 2023 was more than three times higher than in 2019.

The production of rubber and plastic products remains the dominant source of employment within the sector, accounting for roughly one-third of its total workforce. It was also the main driver of job creation during the observed period, with 4,476 new positions, or 44.1% of all new jobs in the sector. Service activities in mining and geological surveying contributed a further 3,333 jobs, amounting to 32.6% of newly created positions.

By 2023, employees in the chemical and non-metal sector represented 4.2% of the total registered workforce in Serbia. This growth demonstrates the sector's notable capacity to generate employment despite structural challenges and subsectoral disparities. At the same time, the concentration of job creation in specific branches, particularly rubber and plastics production, underlines the uneven distribution of labour market opportunities within the sector and raises questions about the adequacy of collective bargaining coverage across its diverse industries.

AREA	2019		2020		2021		2022		2023	
	number	%	number	%	number	%	number	%	number	%
In total	**87,813**	**100.0**	**90,741**	**100.0**	**94,028**	**100.0**	**96,245**	**100.0**	**97,952**	**100.0**
08 Other mining	2,894	3.3	3,069	3.4	3,194	3.4	3,277	3.4	3,329	3.4
09 Services in mining and geological surveying	1,478	1.7	1,931	2.1	3,078	3.3	3,969	4.1	4,811	4.9
15 Production of leather and leather products	14,286	16.3	13,775	15.2	13,222	14.1	13,327	13.8	13,309	13.6
17 Production of paper and paper products	8,468	9.6	9,179	10.1	9,265	9.9	9,379	97	9,460	9.7
20 Production of chemicals and chemical products	13,219	15.1	13,679	15.1	13,882	14.8	13,961	145	14,326	14.6
21 Production of basic pharmaceutical products and preparations	4,529	5.2	4,498	5.0	4,565	4.9	4,587	4.8	4,923	5.0
22 Production of rubber and plastic products	28,802	32.8	30,203	33.3	31,970	34.0	32,676	34.0	33,278	34.0

Table 2: Employees in legal entities, the self-employed, entrepreneurs and their employees in the chemical and non-metal sector by areas, 2019-2023

Data source: Statistical Office of the Republic of Serbia, Registered employment

II. Summary of the Answers to the questionnaire and their evaluation

The responses to the questionnaire reveal a complex and at times ambivalent picture of the Serbian context of social dialogue. When asked whether the national government is dedicated to facilitating social dialogue at sectoral level, respondents generally leaned toward disagreement, though patterns varied with company size. Larger employers exhibited a particularly divided stance, with equal proportions of agreement and strong disagreement, suggesting that perceptions of governmental commitment are far from uniform.

A more positive view emerges regarding the capacity of employers' organisations to influence national economic and social policies through social dialogue. Here, respondents predominantly indicated agreement, albeit with significant variation across company sizes. Smaller and medium-sized employers expressed the highest levels of confidence in this influence, while larger employers appeared more cautious, with agreement declining to around one-third. Explicit disagreement remained relatively modest, though it was most pronounced among medium-sized firms.

Co-funded by the European Union

When the focus shifted to the role of lobbying by employers' organisations, a strong tendency toward agreement was again visible, with "agree" emerging as the dominant response. Smaller employers most frequently endorsed the view that collective lobbying is effective, yet when aggregated across all categories the responses were somewhat more nuanced, with agreement only narrowly outweighing more hesitant positions.

In contrast, perceptions of the effectiveness of individual employers in shaping national economic or social policies through lobbying were markedly more fragmented. Here, disagreement dominated, though a considerable proportion of respondents expressed some degree of agreement, indicating that the matter is far from settled. Larger companies displayed a particularly polarized pattern, with half of the largest employers rejecting the proposition outright, while half of those in the smaller categories endorsed it. Interestingly, the smallest enterprises appeared closer in outlook to the largest, with a significant share also expressing disagreement. This diversity of opinion suggests that while collective channels of representation are widely acknowledged as influential, the capacity of individual employers to exert political weight remains contested.

The same ambivalence is reflected in views on whether sectoral social dialogue and sectoral labour regulations can help reduce unpredictability in the labour market. Serbian respondents were divided, with "agree" and "either agree or disagree" emerging as the most common answers, indicating significant uncertainty about the stabilising function of sectoral regulation. The degree of agreement diminished steadily as company size increased: nearly half of the smallest employers endorsed the statement, but this share fell to less than one-fifth among the largest firms. In parallel, indecision and disagreement rose sharply with size, culminating in the largest companies reporting the highest proportions of both disagreement and neutrality. These results highlight a persistent tension between smaller and larger employers, where smaller firms appear more inclined to view sectoral regulation as a potential source of stability, while larger employers remain sceptical or unconvinced.

The second set of questions focused on factors influencing social dialogue in recent years. In Serbia, the COVID-19 pandemic was generally seen as having an impact, with nearly half of respondents agreeing, although a large share expressed neutrality. Larger companies tended to perceive stronger effects, while smaller firms more often rejected the proposition. Labour shortages elicited more agreement overall, yet opinions diverged by company size: agreement rose with size among small and medium-sized employers, but dropped sharply among the largest, where neutrality dominated.

The Russia–Ukraine war produced a similarly divided picture, with agreement and neutrality almost evenly split and outright disagreement remaining comparatively low. Larger firms again leaned more towards agreement, while smaller ones showed higher levels of scepticism. Inflation, by contrast, was more widely recognised as a significant driver of social dialogue, with consistent agreement across all company categories and only modest dissent. Economic slowdown generated the most evenly balanced responses between agreement and neutrality, with smaller firms more inclined to agree and mid-sized ones more hesitant.

Rising costs of living emerged as another strong factor, with more than half of respondents agreeing, particularly among the largest companies, where agreement reached over 80 per cent. Smaller firms also largely recognised this influence, and disagreement was negligible. Rising wages likewise prompted general agreement, but here company size proved decisive: smaller employers were much more likely to agree, while larger firms shifted towards neutral positions, producing a pattern of decreasing endorsement as size increased.

The energy crisis was widely perceived as significant, with agreement and neutrality evenly distributed, though small and medium-sized companies leaned most clearly towards recognising its influence. Digitisation was also viewed as a powerful driver, with agreement and neutrality together accounting for more than three-quarters of responses. Yet disagreement remained non-negligible, particularly among mid-sized firms. Telework and atypical forms of work elicited a more fragmented response: smaller firms were more positive, whereas larger ones tended towards rejection, with some categories showing no agreement at all.

A pronounced polarisation appeared regarding the right to disconnect, where agreement and disagreement were almost evenly balanced and neutrality dominated across firm sizes. Natural disasters generated similarly divided views, with smaller and larger employers in particular displaying high levels of disagreement, while mid-sized firms leaned more towards neutrality or agreement. Cybersecurity was the least convincing driver, with neutrality the most common response, followed by disagreement, and only a minority affirming its impact, with no consistent size-related pattern.

Migration produced somewhat more agreement, with nearly four-fifths of respondents either agreeing or remaining neutral, though large firms almost exclusively adopted neutral positions. Finally, a considerable proportion of respondents—around half—openly acknowledged having no information on social dialogue at sectoral level, underscoring the limitations of knowledge and engagement in this area.

The distribution of responses on special topics in sectoral social dialogue in Serbia highlights both the persistence of certain traditional concerns and the emergence of uncertainty in areas that were previously more clearly defined. Termination of employment relationships and working time regulations continue to command strong acknowledgement, with over seventy per cent of respondents affirming their relevance, which reflects the enduring centrality of these issues in the collective bargaining agenda. Similarly, parental leave and vocational training retain a relatively high degree of recognition, underscoring the continuing importance of family-related rights and skills development in the labour market.

By contrast, safety and health at work, while still supported by a majority, registers a decline compared to earlier findings, suggesting a possible erosion in its perceived urgency or in the capacity of sectoral dialogue to address it effectively. A comparable pattern appears in relation to social and health insurance and extra-salary benefits, where the level of acknowledgement falls below fifty-five per cent. Particularly striking is the weak recognition of harassment, where only a third of respondents view it as a topic of social dialogue, while over a quarter explicitly deny its relevance and more than one third declare no knowledge.

The rising proportion of "I don't know" responses across many categories indicates a broadening gap in awareness or engagement. This is especially pronounced for sectoral minimum wages, social sustainability, employment of migrant workers, and harassment, all of which reveal high levels of uncertainty or outright denial of relevance. Such patterns point to uneven prioritisation of issues and potentially reflect the complexity of newer or more politically sensitive themes, as well as shortcomings in communication between social partners.

At the same time, topics such as flexible working conditions, ecological sustainability, and the gender pay gap receive recognition from around half of the respondents, showing that they are on the agenda but not yet entrenched. The relatively low endorsement of social sustainability and migrant employment further emphasises the selective and fragmented nature of attention devoted to broader structural questions.

Taken together, these findings suggest that while the core themes of employment security and working time remain firmly embedded in sectoral social dialogue, other areas—particularly those associated with new forms of work, equality, or sustainability—struggle to achieve similar salience. The combination of declining consensus on traditional issues such as health and safety, and growing uncertainty around emergent challenges, underscores the fragility and uneven development of social dialogue in Serbia at the sectoral level.

The responses concerning collective agreements on minimum wages reveal a generally positive orientation towards both sectoral and national-level bargaining frameworks. A clear majority of Serbian respondents support the conclusion of collective agreements at the sectoral level, with nearly seventy per cent expressing agreement or partial agreement, while outright disagreement remains limited to a small minority.

Even stronger support emerges for national-level agreements, where agreement dominates across the board, underscoring the perception that wage-setting requires a centralised and uniform approach. Although around one quarter of respondents expressed disagreement, the prevailing view is that national bargaining provides greater legitimacy and effectiveness in securing minimum wage standards.

When asked about the benefits of sector-wide wage agreements for industry, the results again leaned clearly towards the affirmative. More than half of respondents agreed or somewhat agreed that such arrangements are advantageous, while fewer than one in six rejected this proposition. The overall picture therefore suggests that collective bargaining on minimum wages, whether sectoral or national, is widely regarded as an essential mechanism for stabilising wage structures and ensuring predictability across industries.

Nearly half of Serbian respondents indicated willingness to join a sectoral employers' organisation if wage bargaining were included, while just over a third rejected the idea outright. Climate change and energy prices were acknowledged as relevant factors, particularly in construction and manufacturing, though services showed greater scepticism. At sectoral level, climate-related issues generated divided responses, with construction and manufacturing more inclined to view them as a stimulus for dialogue, whereas services leaned towards disagreement or indifference. Looking ahead, a majority of employers recognised that global warming will affect business in the next decade, though many remained uncertain, and services in particular displayed a stronger tendency towards denial or neutrality.

Employers in Serbia show a relatively high degree of engagement with workers' representatives in environmental, social and governance activities, with nearly half reporting active involvement, though levels vary by sector and are weakest in services. Inflation is widely acknowledged as an important factor, yet responses are fragmented: while manufacturing firms strongly affirm its relevance, services and construction display more neutral or dissenting positions. Collective agreements appear closely aligned with employee wage demands, with over three-quarters of respondents confirming this relationship, and construction reporting unanimous agreement. By contrast, perceptions of innovative solutions developed by social partners to mitigate rising living costs are more restrained. Although around one-third acknowledged such efforts, a similar share expressed neutrality and a notable minority voiced disagreement, suggesting that while responses to inflationary pressures exist, they are not yet perceived as broadly effective or transformative.

Co-funded by the European Union

III. Summary of Interviews with Companies and Trade Unions

1. Push and Pull Factors for Sectoral Collective Bargaining

The question was: *What are the push and pull factors for sectoral collective bargaining?*

Employers from the transport sector highlighted that, according to the Regulation on the Classification of Activities, this sector is defined as the "Transport and Storage Sector," which encompasses passenger and freight services in road, rail, pipeline, inland waterway, and air transport, both regular and non-scheduled, as well as warehousing and cargo-handling activities. Within this framework, land transport represents a particularly large segment: in road freight transport alone, there are approximately 7,514 active companies employing over 32,600 workers. In 2020, their combined annual revenues exceeded 2.32 billion euros.

However, the heterogeneity of the sector poses a significant barrier to sectoral collective bargaining. In road freight transport, more than 90% of employers are large companies, reflecting the capital-intensive nature of the activity. In contrast, passenger transport is far more fragmented, with a considerable number of small-scale operators and lump-sum entrepreneurs, including taxi drivers. This structural diversity results in highly divergent employment and wage conditions. For example, a bus driver employed in Belgrade's municipal public transport earns approximately 100,000 dinars, while drivers engaged in international freight transport can receive more than 200,000 dinars plus daily allowances. Such disparities complicate the possibility of negotiating common standards at the sectoral level.

Nevertheless, employers acknowledged that a sectoral collective agreement could bring important benefits, most notably by preventing unfair competition within the sector. The prevalence of the grey economy, including illegal transport activities and unregistered operators, was identified as a critical issue undermining fair market competition and inflicting significant damage on legally operating transport companies. Sectoral collective bargaining could, in theory, help establish minimum standards that reduce the scope for such irregular practices.

At the same time, concerns were raised that a potential sectoral agreement might only apply to domestic legal entities, which already struggle to compete in a market where informal and unregulated activities remain widespread. This limitation could undermine the effectiveness of such an agreement, reinforcing the perception among employers that collective bargaining at sectoral level is difficult to achieve under current conditions.

Unlike the transport sector, the chemical and non-metal sector had previously been regulated by a Special Collective Agreement, which applied to clearly defined branches within the mining and processing industry.[10] However, at present, interviewees considered the chances of concluding a sectoral collective agreement in such a diverse sector to be almost non-existent. A significant number of companies already have collective agreements at company level and see little incentive to extend bargaining to the sector as a whole.

While the introduction of common sector-wide rules could be beneficial, employers noted that many companies in this sector operate within international supply chains and are already bound by the standards of their foreign clients. In order to remain competitive and maintain access to export markets, domestic suppliers must comply with these pre-established standards, which typically cover issues such as working conditions and wages. In this sense, external requirements from multinational buyers effectively substitute for sectoral bargaining at the national level.

2. Legal or Other Barriers and Obstacles

The question was: *Can you identify any legal or other obstacles hindering effective bargaining and any stimulus facilitating it?*

Employers in the transport sector emphasized that one of the fundamental barriers to effective sectoral collective bargaining is the absence of a sufficiently representative trade union counterpart. While a registered Trade Union of Drivers of Serbia has existed since 2021, employers do not consider it representative enough to engage in sectoral-level negotiations. They stressed that the nature of the driver's occupation—typically performed individually and without the need for strong organizational structures—further diminishes the likelihood of building robust collective representation.

[10] Special collective agreement for chemical and non-metal sector in Serbia, Official gazette of RS, No. 77/2016.

Co-funded by the European Union

In addition, employers pointed to the rise of “freelance drivers,” who increasingly operate outside traditional employment relationships. These individuals often secure work through informal online networks, responding to ad hoc needs such as short-term tours abroad, typically lasting between five and ten days. This growing segment of drivers, operating under a quasi-auction system, complicates the establishment of a stable framework for collective bargaining, since their employment arrangements fall outside formalized structures.

The scarcity of drivers in Serbia, combined with persistently high demand for their services, further weakens incentives for drivers to organize collectively. Employers noted that this imbalance in the labour market creates conditions in which drivers can negotiate individually, reducing the perceived relevance of collective agreements. Taken together, the lack of representative trade unions, the prevalence of informal and freelance work arrangements, and the high demand for drivers’ labour constitute the main obstacles preventing effective sectoral bargaining in the transport sector.

Employers in the chemical sector pointed out that there are no formal legal obstacles to sectoral collective bargaining. The real barrier lies in the excessively broad definition of the sector, which makes meaningful negotiations possible only at the branch or group level. Certain branches, such as fertilizer production—which serves both the domestic market and exports to the former Yugoslav region—lack trade unions altogether. In this part of the industry, not even company-level collective agreements exist, as employees have shown little interest in unionising. Past attempts to organise unions in this branch were considered unsuccessful.

Interviewees mentioned the existence of a “fertilizer producers” cluster within the Serbian Chamber of Commerce, which consists of four companies. However, the largest of these do not have unions, and collective agreements are not even part of the discussion. Instead, dialogue focuses primarily on relations with the state and the alignment of Serbian regulations on decarbonisation and the green transition with the EU framework. Given that fertilizer consumption in Serbia is currently less than half of the EU average, there are ongoing discussions about transferring this branch to the agricultural sector, where it might fit more logically in terms of regulation and strategic development.

3. Efficiency of Sectoral Collective Bargaining

The question was: *In your opinion, what would make collective bargaining more efficient?*

Employers in the transport sector emphasized that the efficiency of collective bargaining cannot be improved in isolation from broader structural issues within the industry. In recent years, the growing demands of transport service users—both companies and citizens—have been accompanied by an expansion of economic activity, which has increased the overall demand for transport services. To meet these demands, employers believe it is essential to implement concrete measures aimed at reducing the operating costs of transport operators and ensuring a sustainable supply of qualified, younger professional drivers.

In addition, employers underlined the importance of creating a more regulated and supportive business environment, one that would allow for better utilization of existing transport capacities. Streamlining border-crossing procedures was highlighted as a priority, as long waiting times for vehicles, drivers, and goods continue to generate significant inefficiencies and financial losses. These measures, combined with efforts to combat the grey economy and strengthen competitiveness, are seen as prerequisites for building trust and stability in the sector.

Employers also stressed that before genuine progress can be made in sectoral collective bargaining, the transport and storage sector must be regulated in a far more transparent and consistent manner. At present, this sector is almost entirely liberalized, with minimal state involvement or oversight, despite being of vital societal importance. In such an unregulated environment, employers argue, it is virtually impossible to establish meaningful social dialogue or negotiate sector-wide collective agreements.

Respondents from the chemical sector generally agreed that, given the current circumstances, sectoral collective bargaining is not even under consideration in this sector. For many companies, particularly those oriented towards exports, labour standards are already determined by the requirements of foreign clients and multinational corporations. These external frameworks often set higher standards than could be achieved through national or sectoral agreements. As a result, employers see little added value in negotiating sector-wide collective agreements, since they do not perceive such mechanisms as capable of improving workers’ conditions beyond what is already mandated by international supply chain requirements.

Co-funded by the European Union

4. The Effects of Recent Crises

The question was: *In your opinion, how did the crisis (COVID-19, economic, climate, war between Russia and Ukraine) affect collective bargaining in your sector?*

Employers in the transport sector stressed that the absence of a sectoral collective agreement makes it impossible to directly measure the impact of recent crises—such as COVID-19 or the war in Ukraine—on collective bargaining at the sectoral level. However, at the company level, the effects were clear and significant.

The COVID-19 pandemic, in particular, had a profound impact. Restrictions on both domestic and international movement severely disrupted tourism, hospitality, and transport-related services, as well as other sectors reliant on frequent international travel, such as consulting and IT. Business trips, which had previously been routine, were almost entirely replaced by online meetings and training sessions. Many of these remote practices are likely to persist even after restrictions have been lifted.

During the pandemic, traffic was either entirely suspended or drastically reduced, placing immense pressure on employers. Passenger transport—by road, rail, air, and river—was brought to a halt, while freight transport continued under difficult conditions. Employers faced significant logistical challenges, particularly in navigating administrative delays and obstacles at border crossings.

In contrast, the Russian-Ukrainian conflict has had only a limited impact on the transport sector in Serbia. While freight transport companies were compelled to adjust their routes and reorient their activities toward unaffected markets, the overall functioning of the sector was not substantially disrupted.

Respondents from the chemical sector emphasized that the COVID-19 pandemic had limited impact on companies in this sector. Car manufacturers were more strongly affected by the global semiconductor shortage, which led to numerous cancellations of domestic products. The war in Ukraine, however, indirectly influenced the industry due to its reliance on exports to the German market. Reduced subsidies for cars, redirected towards supporting Ukraine, resulted in a 10–15% decline in supply. At the same time, the sector benefits from relatively favorable weather conditions, and respondents stressed that Serbia is no longer perceived as a low-cost labour market in the automotive industry. Increasingly, service centres are opening in Serbia, and workers with specialized knowledge and competencies must be appropriately compensated.

Looking ahead, respondents suggested that the future of the sector depends largely on geopolitical circumstances. If the war in Ukraine ends relatively soon, the industry could expand rapidly, as lower financial costs and renewed subsidized consumption would drive growth. This, in turn, is expected to raise labour costs further in Serbia. Respondents also noted that Serbia's decision not to impose sanctions on Russia has already carried economic consequences for the industry.

The fertilizer industry highlighted a different picture. The COVID-19 pandemic had little effect on their operations, but the war in Ukraine created serious challenges in securing raw materials. Interviewees underlined that, for them, the crisis actually began as early as 2014, when disruptions to rail transport between Russia and Ukraine—through Donbass, a key transit route—created supply chain difficulties for the chemical, rubber, and agricultural industries.

5. The Relationship Between Sectoral and National Social Dialogue

The question was: *How does sectoral social dialogue relate to national social dialogue? For example, are tripartite agreements (e.g. on minimum wages or working time) concluded at the national level, which affect the social partners' room for manoeuvre in the sector?*

In Serbia, decisions on minimum wage levels formally fall within the remit of the Social and Economic Council. However, in practice, the Council has adopted such decisions only twice in the last decade, in 2018 and again in 2024. In most cases, the minimum wage has been determined directly by the Government, reflecting the fact that the state remains the country's largest employer and that the minimum wage constitutes a significant item in the national budget.

Looking forward, negotiations on the adoption of a new General Collective Agreement are scheduled to begin in December 2024. If concluded, this would represent a substantial strengthening of national social dialogue. Employers expect that such an agreement would not only provide a stronger regulatory framework but also help to combat unfair competition and curb the grey economy. Crucially, it could establish a more level playing field for all economic entities operating in Serbia, while also supporting greater coherence between national and sectoral levels of collective bargaining.

6. The Optimal Topics to Be Included in Sectoral Social Dialogue

The question was: *Are there any areas of employment regulation that could (in your opinion) be improved by a sectoral collective agreement? If so, in which areas and with what possible content? Are there any subjects in your sector that would be worth being involved in under the scope of sectoral social dialogue (with the involvement of trade unions)? (for instance, minimum wage, wage, vocational education and training, etc.)*

According to employers in the transport sector, sectoral collective bargaining could be instrumental in addressing rights that are insufficiently regulated or not adequately covered by the existing legislation. One of the most pressing issues identified relates to occupational safety and health, encompassing not only the physical but also the psychological well-being of drivers. Interviewees underlined that driver satisfaction is strongly influenced by workplace organisation. For instance, truck drivers who spend long periods alone on international routes often depend heavily on dispatchers for communication. Poorly designed communication practices can reduce job satisfaction and increase stress, making it vital to introduce dispatcher training programmes aimed at providing adequate support to drivers. Such measures would not require significant financial investment but could be effectively incorporated into a collective agreement.

Another critical issue is the limitation of overtime work. Employers acknowledged that in certain branches, particularly among private carriers, drivers often exceed the legal limits of driving hours without being granted proper breaks or access to hot meals. This is a serious challenge not only in road passenger transport but also in air transport, where excessive working hours for pilots pose safety risks to both employees and passengers. Regulating and enforcing overtime limits through a sectoral collective agreement would therefore be of great importance.

The adoption of such an agreement would also help to reduce unfair competition, as it would apply uniformly to all operators active in the Serbian transport sector. Effective supervision and enforcement by both the state and the signatories would, however, be crucial for ensuring compliance. Employers additionally highlighted that labour shortages, particularly the lack of professional drivers, have reached an alarming level and are now affecting the functioning of the economy as a whole. This further strengthens the case for collective solutions at sectoral level.

Interviewees also pointed to structural imbalances in the sector, particularly the uneven economic development of regions and the insufficient attention of some local governments to urban and suburban transport. In several cases, municipalities have failed to fulfil their financial obligations for provided services or have exerted political pressure to maintain unprofitable lines without granting subsidies. Such challenges, they suggested, could also be addressed within the framework of a sectoral collective agreement.

Finally, employers stressed that a well-designed collective agreement would not only improve working conditions but also help to ensure fairer pricing of transport services and more rational use of resources. This, in turn, would raise service quality, contribute to the development of economic entities and support the long-term growth of the transport sector as a whole.

Respondents from the chemical sector noted that a sectoral collective agreement could play a useful role in creating equal conditions for all actors in the domestic market. Larger companies already integrated into global supply chains could transfer their experience and good practices into collective agreements. However, this approach carries the risk of excluding the numerous small and medium-sized enterprises (SMEs) in the sector, which may lack the capacity to adopt the standards of multinational companies.

Another important issue raised was the state's lack of recognition of certain branches as strategically important, particularly the chemical-industrial agricultural complex. According to respondents, recognition of such strategic branches should be the first step before meaningful collective bargaining can take place.

Given the specific nature of the sector, where jobs require narrowly defined skills that are increasingly scarce on the labour market, any future collective agreement should address flexible working arrangements. Provisions for better allocation of working hours and measures to support work-life balance were mentioned as priorities.

Finally, respondents underlined the impact of technological progress and automation. Unlike in the transport sector, where full automation would require infrastructure that does not yet exist in Serbia, in the chemical and non-metal sector, technological innovation and robotization are expected to bring significant changes, particularly in system management. The growing role of artificial intelligence is expected to replace certain types of administrative work, making adaptation in employment policies all the more urgent.

Co-funded by the European Union

Summary

In the transport sector, employers emphasized that concluding a sectoral collective agreement is almost impossible, as the sector encompasses very different branches with entirely different conditions. For example, the wage of a Belgrade city bus driver is about half the wage of a driver in international freight transport. In the chemical and non-metal sector, sectoral collective agreements also appear unfeasible. Some companies in this sector already have collective agreements at employer level and therefore see no added value in negotiating at sector level. Others are part of foreign supply chains, where compliance with international standards on wages and working conditions is already mandatory.

In the chemical and non-metal industries, employers generally view the absence of sectoral bargaining as unproblematic, since their operations are already regulated through the requirements of foreign partners and export markets. They do not consider a sectoral agreement as a tool that could significantly improve workers' conditions. By contrast, in the transport sector, employers pointed out that transparent regulation of the transport and storage sector would be a necessary precondition for any sectoral collective bargaining. Without such clarity, meaningful social dialogue is not possible.

Nevertheless, in the transport sector, employers acknowledged that a sectoral collective agreement could have a positive impact in certain areas not sufficiently regulated by current legislation. For instance, it could address occupational safety in a broader sense, including mental health issues and the problem of isolation faced by drivers. Moreover, collective bargaining could contribute to setting optimal prices for transport services and encourage a more rational use of resources—producing positive effects on service quality, the development of enterprises, and the sector's overall economic performance.

In the chemical and non-metal industries, interviewees highlighted that a sectoral collective agreement could help establish a level playing field for companies operating in domestic markets. Given the demanding nature of work in this sector, they suggested that collective agreements should include provisions for more efficient allocation of working hours, greater flexibility in work arrangements, and better reconciliation of professional and family responsibilities.

IV. Conclusions, Recommendations

1. Normative Framework of Social Dialogue with Special Focus on Sectoral Collective Agreements

The Serbian Country Report reviews the normative guarantees of sectoral social dialogue and collective agreements. A key feature of the legal framework is that collective agreements may not derogate from the provisions of the Labour Code to the detriment of employees. While this principle strengthens the protection of workers, it may act as a disincentive for employers and employers' associations to engage in sectoral collective bargaining. An open question therefore remains: would it not be appropriate to reconsider this relative dispositive approach and move towards a more absolute dispositive framework, in line with EU practice? Within the acquis communautaire, directives not only set minimum requirements but also indicate the areas where derogations may legitimately be made by collective agreements, thus ensuring both flexibility and legal certainty. Serbia, as an EU candidate country, will need to address this balance between worker protection and the promotion of flexible collective bargaining mechanisms.

2. General Collective Agreement

At present, there is no valid General Collective Agreement (GCA) in force in Serbia. The last GCA, concluded in April 2008 between the Serbian Association of Employers (SAE) and the representative trade unions, had a validity period of three years and expired on 17 May 2011. During its application, Annex I was adopted to align the agreement with new legislation and reduce the financial burden on employers. In January 2009, the Ministry of Labour and Social Policy extended its applicability by formal decision.

However, subsequent developments – most notably the global economic crisis and the implementation of the Interim Trade Agreement with the EU – created economic and social circumstances that hindered the implementation of several of its provisions. As a response, the social partners signed an Agreement on the Further Development of Social Dialogue, which temporarily suspended the financial provisions of the GCA. These provisions were never reinstated, and the GCA expired upon the conclusion of its contractual term.

Co-funded by the European Union

Regarding new initiatives, at the end of 2024 the representative trade unions jointly launched an initiative to negotiate a new GCA, which was formally submitted to the Serbian Association of Employers. The first official meeting has already taken place, and discussions are underway on establishing a Protocol for collective bargaining. The precise framework and substantive issues remain undefined. Although there is willingness on both sides to negotiate, the current legislative context, combined with a complex political and economic environment, offers limited incentives for employers to engage in comprehensive national-level bargaining.

3. Sectoral Collective Agreements and Wage Regulation

Sectoral (special) collective agreements have been concluded in Serbia; however, many of them do not regulate minimum wages within the sector. According to the national expert assessment, this is largely due to the fact that most of these agreements are concentrated in the public sector, where wage-related matters are already regulated by legislation applicable to public employees. Consequently, sectoral collective agreements in the public domain tend to focus on working conditions, occupational health and safety, and other rights, leaving wage-setting outside their scope.

In the private sector, only three special collective agreements are currently in force. Of these, the Collective Agreement for the Construction Industry is often cited as a positive example of constructive partnership between social partners. Yet, because of the sector's diversity in terms of activities, company sizes, and regional disparities, it has proven difficult to establish uniform wage standards applicable across the industry. As a result, this agreement leaves wage elements to be regulated through internal acts at the company level.

Here's a polished version of your new section, structured in the same clear and academic style as before, while keeping the Q&A framing consistent:

4. General Economic Trends in the Republic of Serbia with a Special Focus on the Transport, Chemical and Non-Metal Sectors

One side of the Serbian labour market shows a positive trend, with employment and activity rates increasing in recent years. On the other side, however, a strong depopulation trend—particularly foreign employment and emigration—has artificially contributed to raising the employment rate by 1.9 percentage points. The question arises: could more effective sectoral social dialogue mitigate this latter phenomenon?

According to the Serbian national expert, the answer is yes. More effective sectoral dialogue could play a significant role in alleviating the impact of emigration. This could be achieved by actively involving social partners in education reform aligned with labour market needs, reducing the tax burden on wages (through lower taxes and contributions), and eliminating parafiscal levies. These measures would help create a more favourable business environment, stimulate productivity, create higher-quality jobs, and raise wage levels—thus reducing labour outflow and potentially encouraging the return of workers from abroad.

At present, there are no active sectoral collective agreements in the research sectors under review (transport, chemical and non-metal sectors). Collective agreements are concluded exclusively at the employer level, and primarily within larger companies that already have a long-standing tradition of social dialogue. There are no consolidated statistics on coverage, as Serbia does not maintain a register of collective agreements concluded at employer level.

Co-funded by the European Union

I. Legal and Institutional Framework of Sectoral Collective Bargaining in Slovakia

1. Regulations Concerning Sectoral Social Dialogue

Social dialogue in the Slovak Republic is primarily regulated by Act No. 311/2001 Coll., the Labour Code, Act No. 2/1991 Coll. on Collective Bargaining, and Act No. 103/2007 Coll. on Tripartite Consultations at the National Level and on the Amendment and Supplementation of Certain Acts, also known as the Act on Tripartite.

The development of social dialogue in Slovakia has been strongly shaped by political changes. After the adoption of the General Agreement for the year 2000, social partners were unable to reach further agreements in the following years. Relations between trade unions and the government deteriorated after the 2002 elections, culminating in the abolition of the Tripartite Law and the transformation of the Economic and Social Agreement Council into a purely advisory body to the government in 2004. Following a change of government in 2006, the Tripartite Law was reintroduced in 2007, restoring the consultative and negotiating body of social partnership. Since then, the trajectory of social dialogue has remained closely tied to political dynamics. For example, after the 2010 elections, the right-wing coalition pursued liberal reforms of the Labour Code and introduced changes to collective bargaining rules.

In 2024, a Declaration on the Development of Societal Dialogue in the Slovak Republic was adopted. Its strategic aim is to ensure effective communication between social partners, other key societal actors and the government. The declaration builds on commitments outlined in the Government Program Declaration of the Slovak Republic for 2023–2027.[1]

The Labour Code obliges employers to allow the establishment and functioning of trade union organizations, employee councils or employee representatives at their workplaces. The rights and conditions agreed upon in company-level collective agreements apply to all employees, regardless of whether they are members of the trade union that negotiated the agreement.

A particularly significant change occurred in late 2024 concerning the extension of collective agreements. Until then, the extension of higher-level agreements was not generally possible.[2] However, in November 2024 the National Council of the Slovak Republic approved a legislative change allowing the extension of higher-level collective agreements, which will take effect in 2025.

The content of collective agreements continues to reflect the independent position of the contracting parties and is grounded in the principle of contractual freedom.

2. Legal Structure of Sectoral Social Dialogue

The Slovak legislative framework for social dialogue is fully compatible with European standards that support democratic institutions and foster consensus. Collective bargaining remains the decisive and most important mechanism for establishing and developing legal relationships between trade union organizations and employers. The scope of a collective agreement may also extend to other institutions or issues that the contracting parties mutually agree upon, with provisions that are freely adjustable within the framework of the Labour Code or other special regulations.

The Collective Bargaining Act distinguishes between two levels of collective agreements. The first level is the company collective agreement, which is concluded between a single employer and one or more trade union organizations. The

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

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

SECCEE – 101126461

Co-funded by the European Union

second level is the higher-level collective agreement, which is binding for a larger group of employers. These are concluded between an employers' organization and a trade union federation and are negotiated for specific economic sectors on a national scale.

3. What is the significance of sectoral social dialogue?

Sectoral social dialogue in Slovakia is embodied in higher-level collective agreements (HLCAs), which regulate employment conditions in various branches of the economy. As of 2024, a total of 24 valid HLCAs are in place, covering 351 companies across different sectors. Among the most significant are agreements in construction, wood processing, electrotechnics, energy, metallurgy, trade and tourism, food production, glassmaking, water management, healthcare, chemical and pharmaceutical industries, agriculture and forestry, and civil aviation. The civil service and public service sectors are also covered, with six agreements signed by employer representatives rather than companies directly. Validity periods vary, with some agreements extending into 2026 or 2027, while others are renewed annually through addenda.

Despite this formal framework, international data reveal a sharp decline in collective agreement coverage in Slovakia. OECD statistics show that in 2000, 52% of employees were covered by collective agreements[3], but by 2015 this had fallen to just 24.4%. Only Estonia, Greece, Lithuania, and Poland recorded lower levels of coverage. For comparison, the OECD average in that year was 32.7%.[4] More recent data from the International Labour Office publication *Moving with the Times: Emerging Practices and Provisions in Collective Bargaining* (2019) indicate that Slovakia's coverage dropped further to only 14%. The study classifies Slovakia among countries where sectoral and company bargaining coexist, but the overall impact remains limited by the low levels of employee coverage.

Nevertheless, sectoral social dialogue plays an important role in shaping employment and social policies in Slovakia. Through it, wages, working conditions, and social benefits are negotiated within particular industries. HLCAs are particularly relevant for setting wage floors, regulating working time, and providing additional benefits to employees. Beyond wages, they help stabilize labour relations by ensuring that workers and employers can operate within agreed rules that apply across whole sectors.

At the national level, the institutional framework further supports these efforts. The Alliance of Sectoral Councils, established to link educational policy with the real needs of employers, plays a key role in enhancing workforce skills and qualifications, thereby addressing structural problems in the labour market. The Alliance mirrors the membership of the Economic and Social Council, the body created under Act No. 103/2007 Coll. on Tripartite Consultations. This Tripartite Council remains the central institution for national-level dialogue, bringing together state representatives, trade unions, and employers to discuss and negotiate economic and social development strategies. Through this mechanism, Slovakia strives to strengthen consensus and ensure the representativeness of social dialogue across both national and sectoral levels.[5]

SECTOR	No. of valid HLCA	No. of companies to which HLCA apply	Validity
Construction	1	83	2012 – 2024 (amendment 31.12.2027)
Wood processing industry	2	6 2	2023 - 2026 2024
Electrotechnics	1	6	2022 – 2026(31.5.2026)
Energy	2	5 5	2020 – 2022(amendment do 2025?) 2021 – 2023 (amendment do 2026)
Metallurgy, mining industry, and geology	2	5 6	2023 – 2026(31.03.2026) 2024(31.3.2025)
Trade and tourism	2	87 26	2023 – 2024(31.12.2024) 2023 – 2025(31. 12. 2025)

[3] More recent data for the Slovak Republic is not available.
[4] COLLECTIVE BARGAINING COVERAGE. [online]. [cit. 2024-08-28]. Available at: <https://data-explorer.oecd.org/vis?df[ds]=DisseminateFinalDMZ&df[id]=DSD_TUD_CBC%40DF_CBC&df[ag]=OECD.ELS.SAE&dq=OECD%2BCHE%2BSWE%2BESP%2BSVN%2BSVK%2BPRT%2BPOL%2BNOR%2BNLD%2BLUX%2BLTU%2BLVA%2BITA%2BIRL%2BISL%2BHUN%2BGRC%2BDEU%2BFRA%2BFIN%2BEST%2BDNK%2BCZE%2BBEL%2BAUT..&pd=2000%2C&to[TIME_PERIOD]=false&vw=tb>
[5] **ALIANCIA SEKTOROVÝCH RÁD. Members.** [online]. [cit. 2024-09-30]. Available at: <https://www.alianciasr.sk/clenovia/

Co-funded by the European Union

SECTOR	No. of valid HLCA	No. of companies to which HLCA apply	Validity
Food industry	1	2	2023 – 2024In case that a new higher-level collective agreement is not concluded, its validity is extended by 3 months, until 31st March 2025.
Glassmaking	1	5	2022 – 2025(30.4.2025)
Civil service and public service	6	4 – Not companies, only employer representatives signed in the agreement 6 – Not companies, only employer representatives signed in the agreement 1 – Ministry of Interior 1 – Not companies, only employer representatives signed in the agreement 1 – Ministry of Interior 1 – Ministry of Justice	2023 – 2024(31.8.2024) 2023 – 2024(31.8.2024) 2024(31.12. 2024) 2024(31.12. 2024) 2024(31.12. 2024) 2024(31.12. 2024)
Water management	1	16	2024(31.12. 2024)
Healthcare	1	24	2012 – 2024
Chemical and pharmaceutical industry	1	10	2021 – 2025(31.12.2025)
Agriculture and forestry	1	14	2024
Civil aviation	1	5	2015 – 2025(31.12.2025)
Other	1	30	2015 – 2017(probably until the end of 2024, not explicitly stated there, new addendum is signed every year in December)
TOTAL	24	351	–

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

Slovakia, as part of Europe and the European Union, faced a series of significant challenges in the economic environment and labour market during this period. The COVID-19 pandemic in 2020–2021 brought an economic downturn, business closures, and rising unemployment, to which the government responded with several rescue packages aimed at supporting businesses and employees. The subsequent energy crisis in 2022–2023, triggered largely by the war in Ukraine, led to sharply rising energy prices. This situation negatively affected both enterprises and households, resulting in reduced investment and increased inflation.

Inflation itself reached historic highs, particularly in food and energy prices, and substantially eroded the purchasing power of the population. At the same time, Slovakia experienced a persistent shortage of skilled workers, especially in industry, IT, and healthcare, while also lacking unskilled labour. The education system has not been able to meet labour market needs, as secondary school graduates remain too few and university graduates are often trained for professions that are less in demand.

Digitalization and automation further reshaped the structure of jobs, increasing demand for IT specialists and technical professions while altering the skills required across sectors. The pandemic also accelerated the spread of remote and hybrid working arrangements, changing the way many companies organize their operations. Unemployment rose during the pandemic, peaking in 2021, but began to decline again in 2022 as the economy gradually recovered.

Finally, demographic change and the emigration of young people abroad placed additional pressure on the labour market, forcing Slovakia to rely more heavily on attracting foreign workers. The ageing of the workforce remains a structural challenge, as an increasing number of employees are approaching retirement age.5. Special rules for social dialogue adopted during the COVID-19 pandemic and the War in Ukraine

Co-funded by the European Union

In Slovakia, as in other Central and Eastern European Member States examined (Czechia and Slovenia), the impact of the COVID-19 pandemic was not clearly visible in collective bargaining agendas, with the notable exception of issues related to telework. These primarily concerned the regulation of costs associated with working from home. This limited impact can be explained by the fact that collective bargaining in these countries rarely serves as the arena for introducing new topics. Instead, state intervention through regulation is the dominant mechanism, and sectoral collective bargaining remains weak. New labour market challenges are generally addressed first through legislation at national level, while the role of collective bargaining is largely to implement these rules in practice.[6]

No special rules were adopted in Slovakia in response to the outbreak of the war in Ukraine.

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

During the energy crisis, the Slovak government introduced a number of measures aimed at reducing its impact on households and the wider economy. These measures were concentrated in three main areas: price regulation, compensatory mechanisms, and the introduction of a general economic interest mechanism.[7]

Price regulation was implemented through government decrees that set maximum prices for electricity and gas for specific categories of end consumers, including households and small businesses. For example, Government Regulation No. 465/2022 Coll. established caps for part of the regulated electricity and gas supply, while Government Regulation No. 19/2023 Coll. fixed maximum prices for gas and electricity for households and small consumers at the 2022 level plus a 15 percent increase.

Compensatory measures were also introduced, consisting of state aid schemes and compensation programmes funded from the national budget. By the end of 2023, these measures amounted to a total of 2.7 billion euros in compensation for different groups of consumers.

In addition, in December 2022, the government launched the general economic interest mechanism, which allowed companies to supply electricity to households at preferential prices. This mechanism was intended to provide more stability in light of high market electricity prices.

Despite these efforts, the Slovak Supreme Audit Office highlighted several shortcomings, including delays in implementing measures and unclear coordination between the Ministry of Economy and the Regulatory Office for Network Industries (ÚRSO). Problems such as late conclusion of contracts for electricity supply at preferential prices created uncertainty in the market and reduced the effectiveness of state interventions.

II. Summary of the Answers to the questionnaire and their evaluation

This chapter explores the structure, dynamics, and scope of sectoral collective bargaining in Slovakia, drawing on empirical evidence from 78 companies. Slovakia presents a particularly nuanced case within the Central and Eastern European context, characterised by a partial and size-dependent institutionalisation of industrial relations. Large enterprises typically demonstrate structured trade union representation and established collective agreements, whereas small and medium-sized enterprises remain largely excluded from formal mechanisms of dialogue.

At the sectoral level, collective bargaining is present but limited, with only 29% of respondents confirming the existence of such agreements. This modest degree of engagement reflects underlying structural constraints, including the relative weakness of sectoral trade union federations and employer associations, as well as a regulatory environment that does not provide robust incentives for multi-employer coordination. The presence of works councils and trade unions is disproportionately concentrated in larger firms, underscoring the fragmentation of dialogue platforms and the uneven institutional coverage across company sizes.

Substantively, Slovak employers continue to approach collective bargaining through a predominantly traditional lens. Issues such as occupational safety and vocational training remain the central focus of negotiations. By contrast, more contemporary topics—including gender equality, workplace harassment, or climate change—are approached with uncertainty or, in many cases, indifference. This suggests a structural inertia within the system of industrial relations, whereby the scope of bargaining lags behind the evolving social and economic challenges of the European labour market.

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

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

Co-funded by the European Union

1. Overview of the Slovak Sample

The Slovak segment of the Central and Eastern European comparative study comprises responses from 96 companies. After eliminating questionnaires with more than 20% missing data, 78 valid responses remained, representing 81.3% of the original sample. This relatively high rate of validity not only provides a solid empirical foundation but also indicates a comparatively strong level of engagement from Slovak respondents within the regional context.

The resulting dataset offers a broad and stable basis for analysing institutional practices and structures in the Slovak system of industrial relations. While the survey does not provide a detailed breakdown by sector, the inclusion of enterprises of different sizes strengthens the analytical potential. In particular, the participation of micro and small firms, even if modest in number, contributes to a more comprehensive representation of the national landscape than is available for some neighbouring countries. This enhances the reliability of findings and allows for a more differentiated interpretation of the Slovak case.

2. Trade Union Presence and Collective Agreements

The Slovak data indicates a moderate degree of trade union presence within firms, though its distribution is markedly uneven. A majority of companies (55%) report the absence of a trade union altogether. Where unions do exist, they are overwhelmingly concentrated in large enterprises: 92% of unionized firms employ more than 250 workers. This pattern reflects a well-established tendency across Central and Eastern Europe, where unionization is closely tied to large firms with long-standing operations and embedded industrial relations traditions. The resource-intensive character of sustaining union structures, coupled with a regulatory and economic environment that favours institutional stability, makes union activity far more viable in large-scale enterprises than in smaller firms.

With regard to collective agreements at the workplace level, only 44% of Slovak firms report having such arrangements in force. As with union presence, collective agreements are heavily concentrated in large enterprises: 94% of all reported agreements are found in firms employing more than 250 workers. The close correlation between enterprise size and collective bargaining coverage underscores that formalized industrial relations remain predominantly a feature of large employment settings.

A cross-tabulation between union presence and the existence of company-level collective agreements further demonstrates the interdependence of these institutions. Among firms hosting a trade union, 51% also maintain a collective agreement. This points to the pivotal role of trade unions in initiating and institutionalising bargaining processes, highlighting their continued significance as drivers of formalised negotiation in the Slovak industrial relations framework.

3. Sectoral-Level Agreements and Works Councils

At the sectoral level, Slovakia demonstrates slightly higher engagement with collective bargaining than some neighbouring jurisdictions, but overall coverage remains modest. Only 29% of respondents confirmed the existence of a sectoral collective agreement. The dominance of company-level bargaining indicates that sectoral coordination continues to occupy a secondary position, with its limited reach likely reflecting structural weaknesses of sectoral union federations and employer associations, as well as a lack of strong legal or economic incentives to foster multi-employer arrangements.

The role of works councils highlights further segmentation in the Slovak industrial relations landscape. Their presence correlates strongly with enterprise size. Among micro-enterprises (1–9 employees), 20% report having such institutions, while in the 10–49 category the figure drops to only 6%. Among medium-sized firms (50–249 employees), the distribution is evenly divided between those with and without works councils. By contrast, in the largest companies (250+ employees), 41% report the existence of such representative bodies. This distribution illustrates a clear concentration of institutionalised dialogue mechanisms in larger firms, which are both more likely to be subject to statutory obligations and more capable of sustaining the administrative and financial demands of representative structures. Smaller enterprises, by contrast, frequently lack both the regulatory impetus and organisational resources necessary to establish and maintain works councils, resulting in a fragmented pattern of worker representation across the economy.

4. Attitudes Toward Sectoral Topics

The Slovak responses to sector-specific themes within social dialogue provide an important indication of corporate awareness and normative prioritisation. The data confirms that traditional labour issues continue to dominate

Co-funded by the European Union

workplace discourse. Occupational safety and health receive the highest recognition, with 56.3% of respondents identifying them as central to social dialogue. Vocational training and working time arrangements are also widely acknowledged, with well over two-thirds of firms supporting their relevance. These findings underscore the resilience of conventional themes—health and safety, workforce development, and work–life balance—that are firmly anchored in the history of European labour relations and reinforced through national regulation.

By contrast, engagement with more contemporary or non-traditional issues remains limited. Topics such as harassment, gender pay equity, and active ageing are marked by high levels of uncertainty, with "I don't know" responses often exceeding 40%, and by comparatively low levels of agreement. This suggests not only a lack of organizational experience in addressing these matters but also a weak regulatory or cultural emphasis on embedding them within bargaining structures. A similar picture emerges in relation to ecological and social sustainability. Although a minority of firms report awareness, overall agreement rates remain below one-third. Such findings point either to limited policy penetration of sustainability agendas within the industrial relations framework, or to a reluctance among firms to extend social dialogue to multidimensional issues perceived as peripheral to immediate employment relations.

5. Climate Change and ESG Engagement

The Slovak case reveals broad scepticism—or at minimum a notable disconnect—regarding the significance of climate change in sectoral or company-level social dialogue. When asked whether climate change represents a priority in their sector, most firms expressed disagreement or indifference, with particularly low agreement rates in both the services and manufacturing sectors. Similar patterns appear in relation to energy price fluctuations and their potential role in stimulating dialogue. Overall, Slovak employers appear to conceive of social dialogue narrowly, confining it to immediate operational concerns rather than broader strategic or environmental challenges.

This cautious approach extends to the question of Environmental, Social and Governance (ESG) frameworks. Only a small proportion of respondents reported any active involvement of worker representatives in ESG discussions. Approximately one quarter remained neutral, while significant shares either disagreed outright or expressed only partial agreement with integrating employee voice into ESG governance. These findings confirm that ESG considerations remain in a nascent stage within Slovak industrial relations, lacking institutionalization and formal linkage to established social dialogue structures.

6. Conclusion

The Slovak data depicts a segmented and size-dependent model of industrial relations. Larger enterprises tend to sustain structured systems of trade union representation, collective bargaining, and—in some cases—works councils. By contrast, small and medium-sized firms remain largely outside the scope of formal industrial relations mechanisms. Sectoral-level bargaining exists but plays only a residual role in shaping employment relations. Moreover, there is a broad-based reluctance to broaden the agenda of social dialogue beyond traditional labour issues, with limited enthusiasm for incorporating themes such as gender equality, harassment, sustainability, and climate change.

The picture that emerges is one of partial institutionalisation: core elements of social dialogue are present, but coverage is fragmented, and inclusiveness is lacking. Policy responses should therefore focus on reinforcing sectoral-level coordination, creating incentives for participation by small and medium-sized enterprises, and embedding emerging themes—particularly sustainability and climate-related concerns—more firmly into the national labour relations framework. Only in this way can Slovakia move toward a more comprehensive and future-oriented model of industrial relations.

III. Summary of the Interviews

1. Push and Pull Factors for Sectoral Collective Bargaining

The question was: *What are the push and pull factors for sectoral collective bargaining?*

In Slovakia, the way collective bargaining takes place, the issues it addresses, and the outcomes it produces are strongly influenced by the overall economic environment, the specific sector, and company-level conditions. These

Co-funded by the European Union

dynamics are also shaped by the legislative framework, the institutional setup of social partners, and their willingness to compromise.

The push factors driving sectoral collective bargaining stem mainly from economic pressures such as rising wages, inflation, labour shortages, and deteriorating working conditions. Legislative interventions that restrict employer flexibility were also seen as triggers for employees and their representatives to push for sectoral-level solutions.

Conversely, pull factors relate to the opportunities offered by collective bargaining to stabilise industrial relations and improve predictability for both sides. Employers recognise the benefits of cooperation, especially when it allows them to harmonise standards across companies in key areas such as health and safety, vocational training, and work organisation. Interviewees also highlighted the role of international and EU-level regulations, which encourage alignment with broader social dialogue practices.

Overall, respondents emphasised that sectoral collective bargaining can only function effectively if both employers and unions approach it with a willingness to reach compromise. Key to success is addressing not only economic pressures but also structural challenges such as regional disparities, demographic shifts, digitalisation, and environmental transformation.

2. Legal or Other Obstacles Hindering Effective Bargaining and Stimuli Facilitating it

The question was: *Can you identify any legal or other obstacles hindering effective bargaining and any stimulus facilitating it?*

In Slovakia, the reintroduction of the extension of higher-level collective agreements presents both an obstacle and a potential stimulus for sectoral bargaining. On the one hand, it can be a challenge for employers who are unwilling or unable to conclude such agreements, as the provisions apply to them even without their explicit consent or the initiation of bargaining with their employees. On the other hand, for trade unions and employees this development can act as a stimulus, since it secures new topics for negotiation and ensures that sectoral standards reach a wider range of workplaces.

A similar ambivalence appears with the EU directive on adequate minimum wages. Employees generally welcome this regulation, as it sets clear wage floors and offers additional protection. Employers, however, see it as a constraint that limits their ability to negotiate freely. Higher minimum wages increase labour costs and reduce employers' financial capacity to offer benefits or other flexible arrangements. In practice, raising minimum wages can simply shift resources away from benefits and into base pay, lowering the overall effectiveness of collective bargaining. Some respondents also noted that sharp minimum wage increases or the mandatory extension of collective agreements may create distortions, putting downward pressure on wage hierarchies within companies.

Overall, the main obstacles to sectoral bargaining in Slovakia were identified as legislative restrictions and instability, the unwillingness of some employers to engage, low levels of organisation among both employers and employees, insufficient knowledge about bargaining processes, lack of trust between social partners, adverse economic conditions, and procedural complexities.

At the same time, there are also potential stimuli that could strengthen bargaining. These include legislative support, examples of good practice, targeted education and awareness-raising campaigns, dynamics within particular sectors or regions that encourage cooperation, guarantees that provide stability for both parties, and the involvement of social partners in shaping frameworks that directly affect them.

3. Efficiency of Collective Bargaining

The question was: *In your opinion, what would make collective bargaining more efficient?*

Improving the efficiency of collective bargaining in Slovakia requires a combination of legislative adjustments, better preparation, and a shift in how both employers and unions approach negotiations. Respondents pointed out that legislative "tying" is one of the main problems, as it forces employers to direct resources to areas determined by regulation rather than where the parties themselves—unions and employers—would prefer. For bargaining to be meaningful, there must be more room for freedom in decision-making.

Preparation and transparency are essential. One respondent stressed the importance of informal meetings before official negotiations, where both sides could clarify expectations, set realistic goals, and define non-negotiable points. Proper regulatory impact assessments should also become a standard part of the process, since in practice legislative changes are often marked as having "no impact," which undermines informed negotiation.

Co-funded by the European Union

Clear and modernized legislation would further strengthen collective bargaining by preventing loopholes and ensuring consistent rules. Alongside this, education and training are needed for both trade union representatives and employers. Trade unionists should develop a stronger understanding of sectoral and company conditions, while employers should improve their awareness of employee needs.

Long-term planning and flexibility were also identified as key. Negotiations should not be short-term reactions to immediate pressures but part of a broader strategic plan for the sector. This approach would reduce tensions and allow agreements to better reflect future needs. A cooperative mindset is equally important: employers should see employees as partners rather than simply a cost factor, while unions must acknowledge the interconnection between employee welfare and company sustainability.

Tripartite institutions could play a stronger role in shaping the framework for effective bargaining. By providing mediators, expert analysis, and support structures, they could help prevent disputes and ensure smoother implementation.

In short, collective bargaining in Slovakia could become more efficient through clearer rules, better preparation, modernized legislation, long-term planning, stronger education for both sides, and enhanced institutional support.

4. The Impact of Crises on Collective Bargaining

The question was: *In your opinion, how did the crisis affect collective bargaining in your sector?*

Global crises of the past decade—COVID-19, inflation, the war in Ukraine, and climate-related pressures—have significantly influenced the content and priorities of collective bargaining. The pandemic introduced urgent topics, such as financing sick leave, which became critical as employer costs increased. It also brought about a dramatic expansion of remote and hybrid work arrangements, pushing social partners to discuss flexibility, wellbeing, and health-related protections more intensively.

The war in Ukraine affected bargaining in multiple ways. It led to an influx of refugees, who entered the Slovak labour market and required support from employers with residence permits, accommodation, and integration into the workforce. Rising energy and fuel costs also affected companies and employees, forcing negotiators to adapt to new financial constraints and plan differently.

Inflation and climate-related commitments, such as Net Zero, CO2 reduction, and the EU Green Deal, have added new dimensions to social dialogue. ESG requirements are becoming a more prominent factor in negotiations, as employees expect their employers to adopt sustainable practices. Employers, in turn, face regulatory pressures and rising costs that limit the funds available for wage increases or benefits.

Respondents recalled earlier crises, such as the 2008 economic downturn, which had similarly highlighted the need for more effective dialogue. Production- and sales-dependent industries were under immense pressure, making creative solutions through collective bargaining essential.

Overall, crises have shifted the focus of bargaining toward urgent and non-traditional issues, demonstrating the need for greater flexibility and proactive planning. They show that social dialogue in Slovakia must increasingly balance economic, social, and environmental concerns, with active participation in international debates becoming more important. Negative shocks to the economy almost always translate into more difficult negotiations, but they also underline the importance of having strong dialogue mechanisms in place.

5. The Relationship between Sectoral and National Social Dialogue

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

In Slovakia, sectoral social dialogue is closely tied to national-level dialogue, particularly through agreements on issues such as the minimum wage or working hours, which strongly influence the room for manoeuvre of social partners in specific sectors. However, the relationship is not always balanced. State interventions—such as sharp increases in the minimum wage or legislative changes made without adequate consultation with sectoral representatives—reduce the flexibility of employers and make sector-level bargaining more difficult.

Employers often see the minimum wage as a politicized tool, one that drives up costs without reflecting sector-specific realities. Although the number of workers earning the minimum wage in Slovakia is relatively small, its increase puts upward pressure on overall wage structures, creating disproportions between public and private sector pay. Employers

Co-funded by the European Union

would prefer more freedom to determine wage levels for low-added-value positions, but national legislation limits this flexibility. Similar concerns exist regarding working hours: many employees are interested in working more, but rigid rules prevent this.

The tripartite system itself is widely seen as inefficient. Respondents highlighted that it does not always give all interested stakeholders the opportunity to express their views on new measures. In some cases, such as the government's consolidation package, decisions were made without any consultation with social partners. Smaller businesses in particular feel excluded, as they lack both the capacity and the opportunity to participate meaningfully in negotiations. This issue is amplified by the legal framework for the extension of higher-level collective agreements, which imposes binding conditions on all companies in a sector without their involvement, effectively creating "decisions about them without them." Employers consider this an unfair practice that undermines trust in the process.

6. Employment Regulation and the Role of Sectoral Collective Agreements

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

Respondents suggested that sectoral collective agreements could make a meaningful contribution to several areas of employment regulation, particularly in enhancing flexibility. Working hours and their organization were identified as a priority, as younger workers and different employee groups increasingly demand flexible arrangements.

Other important areas include vocational and lifelong learning, occupational safety, and measures to reduce employee turnover. Continuous education and reskilling are especially important in light of rapid technological development, and such initiatives should be voluntary but supported by state incentives. Respondents also mentioned the importance of recognizing seniority as a factor in retaining workers, while ensuring that compensation and benefits are distributed fairly.

Pay remains a central issue. In sectors with high profits, employees expect fairer compensation, and sectoral agreements could help balance performance pressures with adequate rewards. At the same time, if financial resources are limited, employers should focus on benefits that strengthen workplace culture and improve relationships between colleagues and supervisors—factors identified as decisive for job satisfaction. Benefits should not privilege one group of employees over another but should be designed inclusively.

Overall, respondents believe that employment regulation should be left more to the sectoral level, since excessive regulation by national law reduces the relevance and attractiveness of sectoral agreements. In Slovakia, the strong presence of state-imposed rules leaves little room for genuine sectoral negotiation, making it difficult to go beyond the legal minimum.

7. The Adequacy of National versus Sectoral Minimum Wage Regulation

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

Opinions on this issue were divided. Some respondents considered the minimum wage an unnecessary institution that complicates bargaining, while others viewed it as an essential protective tool that must remain in place.

Most agreed that a national minimum wage provides a solid foundation for sectoral collective bargaining and should remain the main regulatory instrument. However, sectoral regulation could be justified in specific circumstances, for example in physically demanding or hazardous jobs (exposure to noise, chemicals, etc.), where higher wages or additional benefits such as extra vacation could be introduced.

At the same time, concerns were raised that sectoral minimum wages could create tensions between sectors, particularly if wage differentials were perceived as unfair. For instance, low wages in one sector could discourage young people from studying or working in that field, while high-paying sectors like IT and banking might attract a disproportionate share of talent.

The national minimum wage was generally seen as a fairer and more traditional mechanism, ensuring equality and avoiding regional disparities. Nevertheless, greater flexibility was recommended so that employers could adjust wages in line with economic conditions and company performance.

Co-funded by the European Union

8. Sectoral Minimum Wages and Employee Turnover

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

Respondents agreed that regulating sectoral minimum wages is not the main tool for preventing employee turnover between employers within the same sector. Turnover is seen as a natural process, influenced not only by wages but also by working conditions, career development opportunities, company culture, job responsibilities, and the general attractiveness of an employer.

Introducing sectoral minimum wages could only be justified after thorough economic and social analysis. In sectors where wages are already significantly above the national average, such as manufacturing or IT, such regulation would be unnecessary and ineffective.

The key to reducing turnover lies instead in modernizing workplaces, strengthening the strategic management of labour relations, and developing supportive working environments. Respondents highlighted that state interventions should focus on ensuring access to quality education, raising qualifications, and creating conditions that allow individuals to retrain and move between sectors quickly and effectively if needed.

9. Automation, Robotisation, and the Perception of Multinational Companies

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

Respondents noted that automation and robotisation are reshaping the labour market, with the most visible effects in manufacturing rather than in retail or services. However, these changes are not expected to fundamentally alter the perception of multinational companies that have located their subsidiaries in Central and Eastern Europe primarily to benefit from lower labour costs.

Automation will not replace human labour entirely. While robots and digital systems increase efficiency, they still require human oversight, maintenance, and adaptation. This dynamic actually increases the demand for skilled labour, underlining the importance of vocational education, lifelong learning, and retraining to equip workers with the skills needed to operate new technologies.

Sectoral impacts differ: manufacturing faces the strongest push towards automation, while hospitality will remain highly labour-intensive. In retail and services, automation is less prevalent, and workloads for employees are often increasing instead of being reduced, sometimes leading to burnout and higher staff turnover toward less demanding but lower-paid jobs.

Mitigating the negative effects will require large-scale retraining, investment in technical education, and greater promotion of technical professions to enhance their attractiveness and ensure a sustainable supply of skilled workers.

10. Other Relevant Circumstances for Sectoral Social Dialogue

The question was: *Is there any circumstance not mentioned in questions 1–9 that you consider important for the situation of your sectoral social dialogue?*

Respondents highlighted the growing influence of artificial intelligence as a decisive factor for the future of work and social dialogue. AI's integration into workplaces requires specialized training not only for employees but also for managers, ensuring that companies remain competitive while adapting to technological transformation.

It was emphasized that social dialogue should not only pursue economic growth but also improve the quality of the work environment. Collective agreements should therefore balance competitiveness with fair conditions, without imposing excessive regulation, unsustainable labour costs, or heavy administrative burdens.

Respondents warned that disproportionate demands could discourage foreign investors or even prompt multinational companies to relocate production to other countries, which would negatively impact employment and economic stability. Thus, sectoral social dialogue should aim to secure competitiveness while fostering sustainable and fair working conditions.

Co-funded by the European Union

I. Legal Regulation of Sectoral Social Dialogue and Collective Bargaining in Slovenia

1. Basic Structure and Legal Framework of Social Dialogue

Slovenia does not possess a single comprehensive legal act governing social dialogue. Instead, the framework is fragmented across several legislative instruments. The Employment Relationship Act (ZDR-1)[1], often referred to as the "labour constitution," primarily regulates individual employment relations but is of central importance for sectoral dialogue, since it accords collective agreements a privileged position in defining the rights and obligations of workers and employers. Where a trade union exists at the employer level, the conclusion of a company collective agreement is required, covering matters such as starting wages and working conditions.

The most significant legal instrument for collective labour relations is the Collective Agreements Act (ZKolP)[2]. This statute regulates the parties, content, form, procedure for conclusion, validity, and termination of collective agreements, as well as the amicable settlement of collective labour disputes and the registration and publication of collective agreements (Article 1). Collective agreements in Slovenia may be concluded at all levels—national, industrial, professional, and entrepreneurial. In practice, sectoral collective bargaining and collective agreements constitute the backbone of Slovenian social dialogue, forming the basis upon which company-level regulation is subsequently built. Since 2006, however, no collective agreement has been concluded at the national level covering the entire economy.

Sectoral social dialogue is also influenced by other legal acts, including the Act on Chambers of Commerce (ZGZ)[3], the Act on Trade Union Representativeness (ZRSin)[4], and the Act on Strikes (ZStk)[5]. The Economic and Social Council, a tripartite body composed of the government and social partners, also plays an indirect role in shaping sectoral dialogue by addressing topics of national economic and social policy. Despite the existence of these instruments, the legal framework for collective labour relations in Slovenia is widely regarded as outdated and in urgent need of reform.

The general rule under Slovenian labour law is the principle of *in favorem:* collective agreements may grant rights more favourable to workers than those prescribed by statute. Article 9(2) of the ZDR-1 establishes that both employment contracts and collective agreements must provide conditions more beneficial to employees than statutory minima. Similarly, Article 4 of the ZKolP limits collective agreements to provisions more favourable to employees, except in specific cases where the ZDR-1 explicitly permits derogations *in peius.* Article 9(3) of the ZDR-1 enumerates these exceptions, allowing sectoral agreements to depart from statutory provisions in limited areas, such as the minimum notice period, severance pay upon retirement, the recognition of internship periods, and the regulation of overtime.

Article 5 of the ZKolP further stipulates that employers bound by collective agreements undertake to agree on rights and working conditions more favourable to workers. Nonetheless, under certain conditions, a narrower collective agreement may provide for provisions that differ from or are less favourable than those contained in a broader agreement, provided this is expressly permitted by the latter.

The current Slovenian legal framework provides limited incentives for employers to conclude collective agreements. No additional benefits, such as preferential treatment in public procurement, are granted to companies covered by such agreements. The practice of social dialogue in Slovenia is rooted in a tradition of negotiation and compromise, but in recent decades it has faced significant challenges: a decline in trust between social partners, diminished expertise and capacity for bargaining, and difficulties in incorporating new issues into the collective bargaining agenda.

[1] Official Gazette of the Republic of Slovenia, No. 21/13, 78/13 – amended, 47/15 – ZZSDT, 33/16 – PZ-F, 52/16, 15/17 – sec. ÚS, 22/19 – ZPosS, 81/19, 203/20 – ZIUPOPDVE, 119/21 – ZČmIS-A, 202/21 – odl. US, 15/22, 54/22 – ZUPŠ-1, 114/23 and 136/23 – ZIUZDS

[2] Official Gazette of the Republic of Slovenia, No. 43/06 and 45/08 – ZArbit.

[3] Official Gazette of the Republic of Slovenia, No. 60/06, 110/09 and 77/11.

[4] Official Gazette of the Republic of Slovenia, No. 13/93.

[5] Official Gazette of the Republic of Slovenia, No. 23/91.

SECCEE – 101126461

Co-funded by the European Union

Where no trade union is present at the company level, employers enjoy considerable discretion. They may regulate almost the entire organisation of labour unilaterally, subject only to statutory minima. In such cases, the employer is required to submit any proposed general act regulating rights and obligations—matters otherwise addressed in collective agreements—for consultation with the works council. If no works council exists, the employer must inform employees directly in the usual manner (Article 10(5) ZDR-1). Legally, the employer is not obliged to adopt employee or works council opinions. However, practice and prudence suggest that employers should seek to incorporate such views to maintain industrial peace, foster good relations, and uphold workplace democracy.

2. Brief Description of the Legal Structure for Sectoral Social Dialogue

At the sectoral level, social dialogue in Slovenia is conducted between employers' organisations—such as the Association of Employers of Slovenia, the Association of Employers of Crafts and Entrepreneurs of Slovenia, the Chamber of Commerce and Industry of Slovenia, the Chamber of Trades and Crafts of Slovenia, and the Chamber of Commerce—and branch trade unions, which may operate independently or be affiliated with larger confederations such as the Federation of Free Trade Unions of Slovenia. Within employer organisations (with the exception of the Chamber of Commerce), internal industry-specific sections or departments (for example, the Transport Section of the Association of Employers of Slovenia) are formed in line with their organisational statutes. These industry-specific bodies serve as the negotiating entities in the conclusion of collective agreements at the sectoral level.

Sectoral social dialogue is conducted primarily through collective bargaining, which results in the conclusion of collective agreements. To a lesser extent, dialogue may also take the form of other types of agreements or joint responses to government initiatives regulating specific aspects of an industry. Collective bargaining procedures are regulated by the Collective Agreements Act (ZKolP). According to Article 6, bargaining begins with a written proposal by one of the parties, which must also outline the substantive content of the proposed agreement. From this starting point, negotiations may last for varying periods of time, as the legislation does not impose a timeframe or prescribe any formal procedural requirements, leaving such matters entirely to the agreement of the parties. The ZKolP does, however, require that collective agreements be concluded in writing (Article 8), given that they regulate the rights and obligations of a broad group of employees and employers. Agreements may be concluded for either a definite or indefinite term and generally enter into force on the fifteenth day following publication (Article 9).

In practice, Article 9 gives rise to significant difficulties, as there are no officially consolidated versions of sectoral collective agreements. This lack of consolidation reduces legal certainty for both employers and employees, who are often unable to determine whether they are consulting the latest valid text. At the enterprise level, collective agreements are not published at all and remain inaccessible to the general public.

The validity of collective agreements is governed by Articles 10 to 14 of the ZKolP. Pursuant to Article 10, a collective agreement is binding on the parties and their members. On the employers' side, this means that the agreement applies to all employers who are members of the signatory organisation. For example, if the Chamber of Commerce is a signatory to a collective agreement regulating the trade sector, the agreement applies to all employers who are members of the Chamber. On the employees' side, established legal practice rejects the possibility of limiting the validity of an agreement to trade union members only. Collective agreements are therefore universally binding on all employees of employers who are signatories to the agreement, reflecting the principle of general application.

The ZKolP also provides for the possibility of extension (Article 12). Under this mechanism, where a collective agreement has been concluded by one or more representative trade unions and one or more representative employers' organisations, either party may request the Minister of Labour to extend the validity of the agreement, in whole or in part, to all employers within the relevant activity or activities. If the statutory requirements are met, the Minister is obliged to grant such an extension. The practical effect is that even employers who are neither signatories to the agreement nor members of a signatory employers' association are legally bound by its provisions. As of now, 47 collective agreements in Slovenia have been extended in this manner, approximately half of which apply to the private sector.[6]

3. The Importance of Sectoral Social Dialogue

Slovenian legislation does not oblige the social partners to provide systematic reports on their membership, nor does it require the maintenance of an official register of all collective agreements (only sectoral collective agreements are

[6] https://podatki.gov.si/dataset/bcf359d7-af1c-4c98-9b8d-faed913ae76a/resource/f0e60b67-c716-4baa-94b9-83c29b895e37/download/evidencakp.docx; 2/12/2024.

Co-funded by the European Union

subject of publishing in the Official Gazette). As a result, it is not possible to establish with certainty the overall validity of collective agreements—either at the national level or within individual industries. Consequently, accurate data on the number of participants in sectoral social dialogue, the number of agreements concluded, and the proportion of workers covered by such agreements is lacking. While employers' associations are required to register data in the business register, no parallel obligation exists for trade unions, further contributing to the data deficit.

Nevertheless, based on available knowledge, the main actors on the employers' side can be identified as the Association of Employers of Slovenia, the Association of Employers of Crafts and Entrepreneurs of Slovenia, the Chamber of Commerce and Industry of Slovenia, and the Chamber of Trades and Crafts of Slovenia, alongside the Chamber of Commerce in the field of trade. On the trade union side, the landscape is more fragmented, consisting of a large number of unions organised under several confederations, including the Federation of Free Trade Unions of Slovenia, the Confederation of Trade Unions of Slovenia PERGAM, the Confederation of Trade Unions 90 Slovenia, and Independence – Confederation of New Trade Unions of Slovenia, as well as a number of smaller confederations.[7]

According to OECD estimates, collective agreement coverage in Slovenia stood at 78% in 2017, encompassing both the public and private sectors.[8] However, no official or unofficial statistics are available on coverage at the industry level, and only rough estimates can be provided. Only in those sectors where the extended validity of collective agreements applies could one (theoretically) speak of full coverage. Yet, given the absence of a uniform EU-level methodology and the lack of Slovenian official statistics, significant doubts persist regarding the accuracy of the 78% figure. Based on the current status of collective agreements in the private sector, it is entirely plausible that actual coverage is substantially lower and highly uneven across different industries. The Ministry of Labour, Family, Social Affairs and Equal Opportunities has launched a project aimed at obtaining reliable data on the validity of collective agreements at both national and industry levels, especially in light of the need to implement the EU Directive on adequate minimum wages. At the time of writing, however, no official results had yet been published.

Despite these uncertainties, collective agreements remain a central pillar in the regulation of employment relations in Slovenia and exert a measurable influence on the shaping of employment and social policies. A recent example is the legal recognition of the "right to disconnect," where the Employment Relationship Act (ZDR-1) explicitly foresees that the implementation of this right must be negotiated between the social partners at the industry level. Yet this potential remains underutilised. As in many Central and Eastern European countries, Slovenian social partners tend to restrict collective bargaining primarily to traditional issues such as wages and basic working conditions.

For social dialogue to become more effective and to exert a stronger influence on public policy, its substantive scope would need to be broadened. Future negotiations could more actively address the challenges of digitalisation, artificial intelligence, robotisation, the green transition, lifelong learning, and the safeguarding of workers' mental health. These new themes could themselves serve as motivating factors for the revitalisation of social dialogue and the forging of joint commitments between employers and unions. The state has a crucial role to play in this process, not only in providing financial and organisational support—through events, research funding, and dissemination of information—but also in cultivating an enabling environment that values and promotes collective bargaining. Legal structures alone are insufficient: effective social dialogue requires complementary "soft" measures such as training, public campaigns, and incentive mechanisms that highlight the benefits of collective bargaining and reinforce its relevance to both employers and employees.

4. Challenges of the Economic Environment and Labour Market Trends between 2020 and 2024

Between 2020 and 2024, the Slovenian labour market underwent significant transformations. The most persistent challenge remains the general shortage of workers, which is particularly acute in sectors such as construction, hospitality, and manufacturing. To address these shortages, reliance on foreign labour has increased substantially. Whereas in earlier years foreign workers were primarily recruited from culturally proximate countries—most notably from the former Yugoslavia—recent years have seen the arrival of workers from more distant regions, including East Asia and India. This shift has had far-reaching implications for labour market functioning, workplace relations, and the administrative and human resources capacities of employers, who must adapt to new demands in recruitment, integration, and regulatory compliance.

[7] As an official record, there is only a list of representative trade unions in Slovenia, of which there are currently 50, https://www.gov.si/assets/ministrstva/MDDSZ/Delovna-razmerja/Seznam-reprezentativnih-sindikatov.pdf
[8] https://stats.oecd.org/index.aspx?DataSetCode=CBC.

Co-funded by the European Union

The shortage of labour, combined with general price inflation, has also generated significant upward pressure on wages. As a result, many sectoral collective agreements have been revised to include updated tariff annexes, in which the social partners have agreed to raise minimum basic wages. Similar adjustments have also been implemented in the public sector. Parallel to these developments, Slovenia faces structural challenges common to most European labour markets: the ongoing processes of digitalisation and robotisation, the introduction of artificial intelligence in work processes, and the difficulties associated with employing and retaining younger generations of workers.

5. Special Rules for Social Dialogue during the COVID-19 Pandemic

During the COVID-19 pandemic, the Slovenian Government and Parliament adopted a number of legal acts—both statutes and secondary legislation—aimed at mitigating the social and economic consequences of the crisis. However, no special provisions specifically regulating social dialogue were enacted. Instead, social dialogue continued to operate within the established institutional framework.

Two developments during the pandemic are nevertheless worth noting. First, social dialogue increasingly took place online, marking an unprecedented shift in practice for Slovenia. Once normal conditions were restored, however, dialogue largely reverted to traditional in-person meetings. Second, collective agreements began to incorporate provisions on remote work, which had not previously been the subject of bargaining. Yet the long-term impact of this innovation has remained limited, as remote work has substantially declined since the end of the pandemic.

Legislation also provided for the involvement of employee representatives under the COVID-19 Pandemic Intervention Measures Act (ZIUOOPE)[9]. Article 12 required employers who sought to introduce reduced working hours to consult workers' representatives and obtain their written opinion. In practice, this requirement was often disregarded, as consultation was not a formal condition for receiving part-time subsidy support.

6. Special Rules for Social Dialogue after the Outbreak of the War in Ukraine

The war in Ukraine has had a discernible impact on the Slovenian labour market, particularly in relation to the employment of foreign workers. In response, the legislature amended the Act on Employment, Self-Employment and Work of Foreigners (ZZSDT)[10] to facilitate the entry of Ukrainian citizens into the Slovenian labour market. Under these amendments, Ukrainian nationals granted temporary protection status by an administrative authority are entitled to access the labour market freely. This exempts them from the otherwise mandatory work permit procedure and allows them to be employed without additional administrative consent.

However, the Slovenian legislature has not adopted any specific rules concerning social dialogue in response to the war in Ukraine.

7. Special Rules to Mitigate the Negative Effects of the Energy Crisis

In response to the dramatic increases in electricity and natural gas prices, the Slovenian government introduced a series of measures aimed at alleviating the burden on both households and the economy.[11] These included financial assistance for businesses and mechanisms to curb rising energy costs for the population. Beyond these interventions, however, no specific measures or rules were adopted with respect to social dialogue.

[9] Official Gazette of the Republic of Slovenia, No. 80/20, 152/20 – ZZUOOP, 175/20 – ZIUOPDVE, 203/20 – ZIUPOPDVE, 15/21 – ZDUOP, 112/21 – ZIUPGT and 206/21 – ZDUPŠOP.

[10] Official Gazette of the Republic of Slovenia, No. 91/21, 42/23.

[11] This is stipulated by the Act on Assistance to the Economy due to High Increases in Electricity and Natural Gas Prices (ZPGVCEP), Official Gazette of the Republic of Slovenia, Nos. 117/22 and 133/22.

Co-funded by the European Union

II. Responses to the Questionnaire and Their Evaluation

1. Overview of the Slovenian Sample

The Slovenian dataset within the broader comparative study of Central and Eastern European countries comprises responses from 50 enterprises. Due to the relatively high rate of incomplete responses—defined as cases with more than 20% missing data—only 38 questionnaires (76% of the original sample) were deemed suitable for analysis. Although the effective sample size is therefore reduced, it nevertheless provides valuable insights into the current state of social dialogue, collective bargaining, and the perception of these processes at the sectoral level in Slovenia.

In the manufacturing sector (NACE A–E), the distribution of firms by size is relatively balanced, with 46.15% of respondents employing between 50 and 249 workers and another 46.15% employing 250 or more. Only 7.69% of respondents in this sector employ between 10 and 49 workers, and micro-enterprises with fewer than 10 employees are entirely absent from the sample.

In construction (NACE F), the distribution is similarly bifurcated: 50% of respondents employ between 50 and 249 workers, while the remaining 50% employ 250 or more. Once again, smaller employers are absent.

The services sector (NACE G–U) displays a more diversified distribution: 34.78% of respondents employ fewer than 10 workers, 17.39% fall within the 10–49 category, 34.78% employ 50–249, and 13.04% employ 250 or more. Extraterritorial organisations (NACE V) are not represented in the Slovenian sample.

Although the absence of micro- and small enterprises in key sectors somewhat limits the representativeness of the dataset, the sample nevertheless captures a sufficient range of company sizes to permit an evaluation of institutional practices across the Slovenian labour relations landscape.

2. Trade Union Presence and Works Councils

The survey results indicate that trade union presence in Slovenian enterprises remains uneven and generally limited. Half of the surveyed companies reported the absence of a trade union. Where unions are present, they are overwhelmingly concentrated in larger firms: 47% of companies employing more than 250 workers and 42% of those with 50–249 employees reported union activity. This pattern is consistent with regional trends across Central and Eastern Europe, where trade union organisation has traditionally been stronger in large enterprises with established institutional frameworks.

The situation is markedly different among smaller enterprises. No trade union presence was reported in the 10–49 employee category, and only 11% of firms with up to 9 employees reported having a workplace union. These figures suggest that union activity is not only fragmented but also increasingly marginalised outside the context of large employers, a finding corroborated by the interviews conducted with employer representatives.

The likelihood of establishing a works council similarly increases with firm size. Among companies with more than 250 employees, 89% reported having such a body, underscoring the prevalence of institutionalised forms of employee representation in large enterprises. In the 50–249 category, only 27% of firms reported a works council, while none of the 10–49 category did so. Interestingly, 12% of micro-enterprises (up to 9 employees) reported the presence of a works council, a finding that, although statistically modest, points to a degree of institutional experimentation even in the smallest organisational settings.

3. Company and Sectoral Level Collective Agreements

In Slovenia, the prevalence of company-level (plant-level) collective agreements remains relatively modest, with only 29% of surveyed enterprises reporting the existence of such arrangements. Among micro-enterprises employing up to 9 workers, just 9% concluded a collective agreement, while in the 10–49 employee category, no such agreements were reported at all. The incidence of company-level agreements increases somewhat in larger firms: 36% of employers with 50–249 employees and 55% of those with more than 250 employees reported having concluded a collective agreement.

This distribution suggests a weaker correlation between firm size and the presence of collective agreements than is typically observed in other Central and Eastern European countries. Whereas in the regional context, company size is often a strong predictor of collective bargaining activity, the Slovenian data indicates a more uneven pattern. Overall, 69% of surveyed employers reported no collective agreement at the unit level, highlighting the limited reach of workplace-level bargaining.

By contrast, Slovenia shows comparatively stronger engagement at the sectoral level. While in most other countries fewer than one-third of respondents reported coverage by a sectoral-level collective agreement, in Slovenia the figure is considerably higher: 48% of respondents indicated that they are bound by an industry-level collective agreement. This finding underscores the enduring relevance of sectoral-level bargaining in the Slovenian industrial relations system and suggests that sectoral frameworks continue to play a central role in shaping employment relations, even where company-level agreements are absent.

4. Situation of Social Dialogue

The state of social dialogue in Slovenia can be assessed through the survey responses concerning its role in shaping public policy. When asked whether the national government is committed to promoting social dialogue at the sectoral level, a prevailing scepticism emerged. A total of 42.11% of respondents disagreed with the statement, 7.89% somewhat disagreed, while only 5.26% agreed, and 26.32% somewhat agreed. Disaggregating the results by company size reveals that 60% of employers with 50–249 employees and 44.44% of those with more than 250 employees expressed outright disagreement. Interestingly, among the largest companies, 44.44% also chose "somewhat agree," pointing to a divided perception. The smallest firms, by contrast, refrained from selecting "strongly disagree," suggesting that the sharpest criticism comes from medium and large employers.

By contrast, Slovenian employers hold a considerably more positive view of the role of employers' organisations in influencing national economic and social policies through social dialogue. More than 47% of respondents agreed, and a further 26% somewhat agreed, indicating broad confidence in these organisations' policy impact. The level of agreement is especially pronounced among micro-enterprises with up to nine employees (62.5%) and medium-sized firms with 50–249 employees (53.3%). A similarly favourable picture emerges regarding the influence of employers' organisations' lobbying activities on national policy: 52% of respondents agreed, and almost 29% somewhat agreed. Medium-sized firms stand out here as well, with nearly 86% agreeing or strongly agreeing. By contrast, only 33.33% of large firms (250+ employees) expressed strong agreement, suggesting a slightly more cautious assessment at the top end of the size spectrum. Overall, the findings point to a widespread perception that employers' organisations wield meaningful influence in policy-making.

A positive assessment is also evident regarding the effectiveness of individual employers' lobbying efforts. Both "agree" and "somewhat agree" responses account for 36.84% each, together forming a clear majority. Medium-sized firms again display the greatest confidence: 46.67% of them agreed outright, while a further 33.33% somewhat agreed. Smaller firms (1–9 employees) reported higher proportions of "disagree" and "somewhat disagree" (12.5% each), whereas medium-sized firms were more likely than others to report "strongly disagree" (6.67%). Nonetheless, medium-sized companies simultaneously reported the highest rate of agreement (46.67%), suggesting a complex but largely favourable evaluation of lobbying potential at this level.

Taken together, these responses suggest that while employers perceive the government's commitment to social dialogue as relatively weak, they remain confident in the influence of employers' organisations and individual lobbying as effective means of shaping economic and social policies.

Perceptions of the freedom to openly discuss issues with social partners reveal a more ambivalent pattern. Responses show a bimodal distribution, with the highest proportions selecting either "agree" or "disagree" (21.05% each), while 34.21% opted for "either agree or disagree," underscoring a divided opinion. Smaller companies tended to show higher rates of disagreement, whereas larger enterprises displayed a more heterogeneous distribution, including substantial shares of "agree" and "somewhat agree."

Similarly, opinions are mixed regarding the extent to which sectoral social dialogue and sectoral labour regulation can help reduce labour market unpredictability. Responses were widely dispersed: "agree" and "somewhat disagree" each fell below 24%, "somewhat agree" and "disagree" each below 16%, "either agree or disagree" exceeded 18%, and "strongly disagree" remained below 3%. The most positive assessments were concentrated among large firms with more than 250 employees, 44.44% of whom agreed with the statement. By contrast, disagreement was particularly pronounced among firms with 10–49 employees, 83.33% of whom rejected the proposition. These findings suggest that while larger firms perceive sectoral regulation as a stabilising tool, smaller and medium-sized enterprises remain sceptical, with a substantial number of respondents overall expressing neutrality or uncertainty.

Co-funded by the European Union

Finally, the COVID-19 pandemic was widely recognised as having had a tangible impact on social dialogue. A total of 44.73% of respondents agreed with this assessment, while a further 18.42% somewhat agreed. The effect was most pronounced among smaller firms: approximately half of the companies with fewer than 250 employees affirmed that the pandemic had a significant influence on dialogue processes.

A strong consensus emerges regarding the impact of inflation on sectoral dialogue. More than 80% of responses fall within the categories of "agree" (31.58%) and "somewhat agree" (39.47%), pointing to a broad recognition of its importance, particularly among firms with more than 50 employees. Yet, when respondents were asked whether inflation is an important factor in their own sector, the picture was markedly different: only 9% agreed, while 38% selected "either agree or disagree," 24% disagreed, and 9% strongly disagreed. This discrepancy indicates that while inflation is widely perceived as a driver of social dialogue in general, employers are less likely to see it as directly shaping their sectoral context.

Perceptions of the relationship between the rising cost of living and social dialogue reinforce this pattern. Here, 31.58% of respondents agreed and 34.21% somewhat agreed, together reflecting a majority view that increases in living costs significantly influence dialogue. Nevertheless, 26.32% remained uncertain, selecting "either agree or disagree," suggesting a weaker conviction compared to other Central and Eastern European countries. Larger employers once again stand out: among firms with more than 249 employees, 33.33% agreed and 44.44% somewhat agreed, while mid-sized firms (50–249 employees) reported an even split of 40% "agree" and 40% "somewhat agree." By contrast, employers with 10–49 employees showed no clear "agree" responses, though 33.33% somewhat agreed, and the smallest firms (fewer than nine employees) demonstrated relatively high agreement (37.5%). These results reveal a divide: smaller firms lean more towards scepticism or disagreement, while larger firms more clearly associate living costs with the dynamics of social dialogue. Importantly, when asked whether social partners had developed innovative solutions to mitigate the negative effects of rising living costs on workers, 59% of respondents selected "either agree or disagree," underscoring a pervasive sense of indecision.

Responses concerning the role of rising salaries in shaping social dialogue reflect a similar trend. Agreement is again concentrated in the middle categories, with 26.32% agreeing and 36.84% somewhat agreeing. Larger companies dominate the "agree" responses (33.33% among those with over 249 employees and 26.67% among those with 50–249 employees), while firms with 10–49 employees again show no outright agreement but a significant proportion of "somewhat agree" responses (33.33%). Small employers, however, stand out with a stronger rate of agreement (37.5%), suggesting that wage increases may resonate more directly at the lowest end of the size distribution.

The issue of labour shortages generated a more fragmented set of opinions. While 21.05% of employers agreed and 34.21% somewhat agreed that shortages shape social dialogue, a substantial 26.32% chose "either agree or disagree," reflecting a lack of consensus. Notably, larger firms displayed higher rates of disagreement or strong disagreement, whereas smaller firms (under 50 employees) expressed no such reservations. This divergence may reflect scale-related differences in exposure to, or the capacity to manage, recruitment challenges.

Finally, perceptions of the impact of teleworking and atypical forms of work reveal a similarly complex pattern. Agreement is present but moderate, with 15.79% agreeing and 31.58% somewhat agreeing, while 23.68% remained undecided. Employers with 10–49 employees were the most sceptical, with half disagreeing about the significance of these new work arrangements. By contrast, large companies with more than 249 employees exhibited the highest recognition of their importance, with 11.11% agreeing and 55.56% somewhat agreeing. These findings suggest that while larger firms have begun to institutionalise telework and alternative work models within dialogue processes, smaller enterprises remain hesitant to acknowledge their impact.

On the issue of the right to disconnect, responses reveal a balanced and somewhat ambivalent approach. A notable share of respondents selected "either agree or disagree" (36.84%), while 18.42% agreed and 10.53% somewhat agreed. At the same time, 23.68% disagreed, and 10.53% somewhat disagreed. Disagreement was most pronounced among employers with 10 to 49 employees, where one-third (33.33%) rejected the importance of this right.

Perceptions of the economic slowdown similarly reflect ambivalence. Half of respondents (50%) selected "either agree or disagree," with only modest proportions agreeing (18.42%) or somewhat agreeing (21.05%). Among firms with fewer than nine employees, however, responses were more affirmative, with 37.5% agreeing and 12.5% somewhat agreeing. In firms with 50 to 249 employees, agreement was less pronounced (26.67% and 20% respectively), while in companies with more than 249 employees, responses were limited to "somewhat agree" (33.33%), with no outright agreement recorded.

Uncertainty also dominates perceptions of the role of cybersecurity. A large share of respondents (42.11%) selected "either agree or disagree," while 26.32% disagreed and 13.16% strongly disagreed. Here again, mid-sized employers with 10–49 employees were most sceptical, with half (50%) disagreeing outright.

Co-funded by the European Union

The perceived impact of the energy crisis on social dialogue is likewise diffuse. The most common response was "either agree or disagree" (39.47%), followed by "somewhat agree" (21.05%) and "agree" (18.42%). Disagreement remains present but secondary. Size-based differences are evident: the effect is most visible among smaller firms, where 37.5% of those with fewer than nine employees agreed that the crisis influenced social dialogue. Employers with 50–249 employees also registered a higher share of agreement (26.67%). By contrast, no employers with 10–49 employees or those with more than 249 employees selected "agree."

Migration is another area characterised by marked uncertainty and disagreement. While 36.84% of respondents selected "either agree or disagree," 31.58% disagreed, and 7.89% strongly disagreed. Again, mid-sized employers with 10–49 employees were the most critical, with half (50%) expressing disagreement.

Perceptions of natural disasters follow a similar pattern. Nearly 40% (39.47%) expressed uncertainty, while 26.32% disagreed and 5.26% strongly disagreed. Disagreement was again highest among firms with 10–49 employees (50%).

On digitalisation, Slovenia diverges from some regional patterns by demonstrating a relatively strong degree of scepticism. While 15.79% agreed and 10.53% somewhat agreed that digitalisation influences social dialogue, 23.68% disagreed and 5.26% strongly disagreed. Among the smallest employers, strong disagreement was recorded at 12.5%, while among firms with 10–49 employees, half (50%) disagreed. Larger companies, however, tend to show more positive responses, highlighting a size-related divide in perceptions of digitalisation.

The impact of the war in Ukraine is perceived as relatively modest. Agreement and somewhat agreement each stand at 10.53%, but uncertainty remains high, with 36.84% selecting "either agree or disagree." Larger companies, with more than 250 employees, were the most dismissive, with 44.44% disagreeing, while smaller employers (fewer than nine employees) exhibited both agreement and disagreement at 25% each.

Responses to the final statement—"I have no information on social dialogue at sectoral level"—also reveal ambivalence. The largest share (36.84%) selected "either agree or disagree," followed by disagreement (31.58%), suggesting that respondents are aware of the issue but remain divided in their assessment of its relevance.

Taken together, the Slovenian data suggest that social dialogue remains heavily shaped by traditional economic factors, particularly inflation, the cost of living, and rising wages, which are widely recognised as key drivers. Labour shortages, teleworking, and atypical work arrangements are also acknowledged, though with more varied assessments. By contrast, issues such as the economic slowdown, cybersecurity, the energy crisis, migration, natural disasters, and the right to disconnect generate considerable uncertainty and fragmented opinions. The war in Ukraine is perceived, but its impact is less clearly visible compared to other economic challenges. Digitalisation divides opinion sharply, particularly along company size, with smaller firms leaning towards scepticism and larger firms showing greater recognition of its influence. Overall, Slovenian social dialogue remains anchored in conventional concerns, while emerging themes are met with hesitation and a lack of consensus—mirroring patterns observed across the Central and Eastern European region.

5. Assessment of Possible Topics for Sectoral Social Dialogue

The questionnaire responses regarding preferred topics for sectoral-level social dialogue in Slovenia offer valuable insight into the thematic priorities of employers. Among the various subject areas proposed, "other income elements" emerged as the most salient, with nearly three-quarters of respondents (76.7%) identifying it as a key area for dialogue. This was closely followed by "sectoral minimum wages" (68.4%), "working time and reference period" (65.8%), "occupational safety and health" (63.2%), "termination of employment relationships" (57.9%), and "vocational training/apprenticeships" (55.3%).

These figures underscore a prevailing orientation toward classic labour law concerns—wages and wage components, working time, occupational health and safety, and dismissal regulation—which continue to structure collective bargaining agendas in Slovenia. The salience of such issues is further confirmed by the finding that 68% of respondents agreed, and an additional 18% somewhat agreed, that collective agreements in their sector respond directly to employees' wage demands. This reinforces the view that collective agreements remain a critical instrument for negotiating core employment conditions, despite challenges in broadening the agenda.

Conversely, a markedly low level of agreement was observed on themes such as the "employment of migrant workers" and the "gender pay gap." The responses reflect high levels of disagreement or indifference, indicating either institutional resistance or a perceived irrelevance of these topics at the sectoral level. These patterns may stem from entrenched social biases or from employer scepticism regarding the efficacy of regulatory intervention in these areas.

A significant proportion of "don't know" responses was also recorded in relation to "harassment," "active ageing," "extra-salary benefits," and "social sustainability." This suggests a widespread lack of familiarity or strategic clarity concerning these matters, potentially pointing to breakdowns in communication or insufficient policy translation at the organisational level. For "ecological" and "social sustainability," the data reflect a pronounced drop in support alongside high levels of disagreement—an indication of the perceived disconnect between broader societal imperatives and operational realities within firms. These findings may also suggest an institutional lag in the integration of sustainability principles into mainstream social dialogue frameworks.

6. Alternative Approaches to Minimum Wage Setting

Employers' responses to hypothetical models of minimum wage regulation reveal a fragmented but revealing landscape. Regarding the proposition that "minimum wages should be determined through sectoral collective agreements," responses were markedly divided: 28.95% agreed, 10.53% somewhat agreed, while 26.32% disagreed, 7.89% strongly disagreed, and 2.63% somewhat disagreed. A further 23.68% selected the neutral option of "either agree or disagree." This distribution illustrates a considerable variance in employer opinion, with no clear consensus emerging in favour of sectoral minimum wage-setting.

By contrast, proposals for setting minimum wages through national, cross-sectoral collective agreements met with broader resistance. Disagreement responses were significantly more pronounced: 31.58% disagreed, 15.79% somewhat disagreed, and 7.89% strongly disagreed—totalling 55.26% opposition. The level of support was correspondingly low, suggesting that Slovenian employers are generally unpersuaded by the prospect of centralised, national wage determination through collective bargaining.

Nevertheless, the statement that "sector-wide wage agreements benefit the industry" was met with substantial approval. A majority of respondents either agreed (39.47%) or somewhat agreed (21.05%), yielding a combined support rate of over 60%. However, a notable segment remained critical, with 15.79% expressing disagreement.

Interestingly, employer views on wage-setting mechanisms appear to be largely independent of enterprise size and of whether the company is currently subject to a collective agreement. This indicates that the divergent responses reflect more fundamental differences in institutional preference and bargaining philosophy than contextual constraints.

Finally, the prospect of joining a sectoral employers' organisation if wage-setting were to be included in sectoral bargaining elicited mixed responses. While 36.8% answered affirmatively, a slightly higher proportion (39.5%) replied negatively. An additional 23.7% reported that they were already members. These figures suggest that while sectoral wage-setting does not act as a strong attractor for employers, it also does not leave them entirely indifferent. Rather, it remains a contested but potentially mobilising issue, meriting further exploration in national dialogue forums.

7. Climate Change and ESG Activities

The Slovenian employers' perspectives on climate change reflect a notable ambivalence and, in many cases, scepticism. A majority of respondents expressed either a negative or neutral stance regarding the relevance of climate change for their sector. Specifically, 26% strongly disagreed, 6% disagreed, 18% somewhat disagreed, and 26% selected "either agree or disagree," indicating uncertainty. Only a minority—12%—expressed outright agreement, with an additional 12% somewhat agreeing. These figures suggest that the issue of climate change remains marginal in the collective consciousness of Slovenian employers, at least in terms of its direct impact on industrial relations.

Sectoral disaggregation reveals divergent patterns. In manufacturing, views were highly polarised: 31% somewhat agreed with the relevance of climate change, whereas 23% strongly disagreed and another 23% somewhat disagreed. In the services sector, 21% agreed with the importance of climate concerns, yet this was counterbalanced by 32% who strongly disagreed and 16% who somewhat disagreed. In the construction sector, responses were evenly split between "disagree" and "either agree or disagree," signalling a general reluctance to frame climate change as a pressing concern within sectoral social dialogue.

Responses to more specific items mirrored this trend. When asked whether collective agreements reflect shifts in energy prices, responses were divided, though agreement (26%) and somewhat agreement (26%) did predominate. Yet, when queried on whether climate-related challenges act as a stimulus for sectoral social dialogue, uncertainty and scepticism once again prevailed: 38% selected "either agree or disagree," and 35% outright disagreed.[12] Furthermore, when asked whether global warming would significantly impact employers within the next decade, the majority

[12] This question was asked twice, with a similar result the second time, but with a higher disagreement rate (disagree: 47%) and a lower undecided rate ("either agree or disagree": 18%).

expressed a lack of conviction: 35% disagreed, 18% strongly disagreed, 15% somewhat disagreed, and 26% chose a neutral position.

Taken together, these findings point to a general disengagement from climate policy discourse among Slovenian employers, with many respondents either underestimating the relevance of environmental issues or questioning the role of collective bargaining in addressing them.

However, in marked contrast to this scepticism stands the robust engagement with ESG (Environmental, Social, and Governance) frameworks—particularly in relation to employee participation. An overwhelming majority of respondents—62% agreeing and 26% somewhat agreeing—affirmed that employee representatives (including trade union officials, works council members, and board-level employee representatives) are typically involved in ESG-related discussions. This suggests that while climate issues may not yet constitute a primary driver of sectoral dialogue, ESG initiatives are being institutionalised within enterprise-level governance mechanisms and have begun to foster more collaborative approaches between employers and worker representatives.

Summary

The Slovenian data reveal a social dialogue landscape that is simultaneously structured and selective. Trade union presence is limited, with half of the surveyed companies reporting no trade union representation. The likelihood of having a works council correlates strongly with company size, reflecting legal thresholds and institutional capacities more readily met by large enterprises. While there is a relationship between company size and the existence of collective agreements, it is less pronounced than in other countries within the region.

Employers express a high degree of confidence in the policy influence of employers' organisations and, to a lesser extent, in the lobbying capabilities of individual companies. This suggests that employers view organised representation not merely as a mechanism of social partnership but also as a strategic avenue for influencing national regulatory frameworks.

When evaluating the drivers of social dialogue, respondents consistently identified traditional economic variables—such as inflation, rising living costs, and wage dynamics—as the most significant catalysts. The COVID-19 pandemic was also widely recognised as a factor that heightened the salience of social dialogue, particularly with respect to the organisation of work. However, other contemporary challenges—such as the economic slowdown, cybersecurity risks, energy instability, digitalisation, migration, natural disasters, and the right to disconnect—received more ambivalent responses, often marked by high rates of neutrality or indecision. This suggests that while employers acknowledge these issues, they have yet to be fully integrated into structured dialogue processes.

Regarding thematic priorities for collective bargaining, Slovenian employers continue to favour conventional domains, including remuneration, working time, health and safety, termination procedures, and vocational training. In contrast, more novel or socially sensitive topics—such as the employment of migrant workers, the gender pay gap, and sustainability—appear underdeveloped in current bargaining agendas. These findings reflect both a continuity with past practice and a cautious engagement with emerging issues.

Minimum wage regulation through collective bargaining does not appear to enjoy strong employer support. Respondents showed limited enthusiasm for either national-level or sectoral-level bargaining as the preferred mechanism for wage floor setting. Although sectoral wage agreements were viewed somewhat more favourably in general terms, their perceived benefits do not translate into a clear preference for institutionalising minimum wage setting through collective agreements.

Finally, the data demonstrate a notable disjunction between employer attitudes towards climate change and ESG engagement. While climate policy is often met with scepticism or indifference, ESG discussions—particularly those involving employee representatives—are widely accepted. This suggests that social dialogue in Slovenia is undergoing a gradual but uneven transformation, one in which traditional bargaining topics remain dominant but are increasingly complemented by new governance practices around sustainability and corporate responsibility.

Co-funded by the European Union

III. Summary of Interviews with Stakeholders and Experts in Specific Sectors

1. Push and Pull Factors for Sectoral Collective Bargaining

The question was: *What factors do you think encourage or hinder sectoral collective bargaining?*

The interviews with Slovenian sectoral stakeholders revealed a wide range of factors that either promote or constrain sectoral collective bargaining. These factors may be grouped into four overarching categories: (i) structural and organisational features of the social partners, (ii) procedural and interpersonal dynamics, (iii) political and legal framework conditions, and (iv) broader economic pressures.

A prominent obstacle identified by multiple interviewees is the inadequate internal organisation of both employer and trade union structures. The fragmentation of employer representation and the continuing weakness of trade union density were frequently mentioned as fundamental impediments. One respondent referred to an ongoing "identity crisis" within the trade union movement, noting the absence of a clear mission and strategic orientation. Another highlighted the lack of coordination within negotiating teams, where diverging interests between large and small enterprises—often exacerbated by the exclusion of the latter from formal negotiations—undermine cohesion and strategic alignment.

Several interviewees also identified the individual competencies and attitudes of negotiators as decisive factors. According to respondents, negotiations are significantly hindered when representatives lack the necessary legal and economic knowledge, practical understanding of wage systems, or even basic negotiation skills. One interviewee contrasted the current situation unfavourably with earlier periods, when union representatives were more professionally prepared and consistent across negotiation processes. The turnover of negotiators was said to lead to the erosion of institutional memory and negotiation etiquette, resulting in diminished procedural efficiency and mutual understanding.

Further, the asymmetry in the level of preparation between the social partners was noted. It was reported that one side—often the employee side—occasionally enters negotiations unprepared, lacking familiarity with either the technical content of the negotiations or with the procedural requirements. Respondents also mentioned a general absence of broader economic awareness, with one participant noting that legal provisions are often interpreted in a narrow or populist fashion, detached from the long-term economic implications of their implementation. This lack of contextual understanding was cited as a major barrier to rational and pragmatic bargaining.

In addition to individual and organisational shortcomings, structural and systemic constraints were identified. The absence of a functioning tripartite social dialogue mechanism at the national level, combined with insufficient coordination between employer organisations, was repeatedly cited as contributing to the weakness of sectoral bargaining. Related issues include outdated procedural frameworks, inconsistent inclusion of relevant stakeholders, and a perceived inequity in the treatment of social partners across different sectors.

The thematic narrowness of bargaining was also mentioned as a problem. Several respondents expressed concern that negotiations are predominantly centred on wage-setting, with minimal attention paid to broader employment conditions, skills development, or sector-specific needs. This thematic limitation, in turn, reduces the relevance and legitimacy of collective bargaining as a comprehensive regulatory instrument. Additionally, a lack of mutual trust—between employers and trade unions, and between the social partners and state institutions—was said to inhibit cooperation. Employers often feel excluded from policymaking bodies such as the Economic and Social Council, while employees are viewed as slow to adapt to structural changes in the economy.

The legal and political environment presents further obstacles. Interviewees cited policy inconsistency, legal uncertainty, and frequent legislative changes as having a destabilising effect on sectoral dialogue. One participant noted that state institutions appear to favour the employee side in public discourse and policy, which, paradoxically, can create unrealistic expectations during bargaining and thereby harden employer attitudes. Moreover, certain legal norms—such as statutory provisions on the minimum wage—have direct implications for sectoral bargaining, particularly when such issues are pre-emptively regulated by law. The rapid and significant increases in the statutory minimum wage, including the exclusion of wage supplements, have reportedly strained the capacity of companies to adapt, thereby affecting their willingness to engage in sectoral negotiations.

Despite these challenges, several enabling conditions were also identified. The principal incentive for sectoral collective bargaining lies in the opportunity to tailor employment relations to sector-specific needs. When mutual trust, professional respect, and long-term cooperation exist between negotiating parties, bargaining processes are perceived as significantly more effective. Respondents emphasised that professionalism on the part of negotiators—particularly in terms of knowledge of labour law, wage systems, and sectoral economic dynamics—is essential for productive dialogue.

Effective internal coordination among employers prior to negotiations was also highlighted as a key enabler. One respondent from the hospitality sector stressed the importance of pre-negotiation consensus within the employers' association, which helps to streamline the process and prevent constant recourse to internal renegotiation of mandates. Establishing clear boundaries for compromise and empowering lead negotiators with adequate mandates was seen as vital to maintaining the momentum and clarity of negotiations.

Additionally, informal and continuous communication between negotiating sessions was cited as a best practice. Respondents underlined the need for realistic expectation management within employer associations, noting that divergent or overly ambitious internal goals often disrupt negotiation dynamics. Mutual information exchange and constant dialogue were regarded as prerequisites for achieving mutually beneficial outcomes.

Other factors that were seen to positively influence sectoral bargaining include well-structured employers' associations, a favourable economic climate, and a supportive legal framework that recognises and encourages collective bargaining. Some respondents referenced the legal obligation for social dialogue as an important foundation, though in practice this appears to function more as a normative ideal than an operational reality.

Finally, interviewees noted that recent cooperation between the social partners has improved in some sectors, motivated by shared interest in ensuring economic sustainability and social cohesion. Nonetheless, long-term structural challenges persist—such as declining competitiveness, the relocation of production to lower-wage jurisdictions, and rising inflation—which place downward pressure on wages and increase tensions at the bargaining table. A recurring theme in the interviews was that the combined pressures of rising labour costs, skills shortages, and employee expectations—particularly in the post-pandemic context—have created new drivers for sectoral negotiations, but have also made compromise more difficult.

2. Obstacles and Stimuli in Sectoral Collective Bargaining

The question was: *Can you describe any legal or other obstacles that hinder effective negotiations and any incentives that facilitate them?*

Interviewees identified a range of legal, institutional, and procedural barriers that constrain the effectiveness of sectoral collective bargaining in Slovenia, alongside certain enabling factors that may facilitate it. The legal framework was generally perceived as overly restrictive and insufficiently adaptive to the realities of the labour market and sectoral specificities.

A recurrent theme among the responses was that the legal framework restricts the autonomy of the social partners. As one interviewee explained, statutory provisions often set rigid boundaries within which collective bargaining must operate, leaving little room for tailored solutions at the sectoral level. A broader scope for negotiation, specifically allowing for differentiation based on the unique characteristics of each sector, was viewed as a desirable reform. The current situation, whereby legal constraints apply uniformly across all sectors, was seen as a barrier to meaningful and flexible bargaining.

Another commonly mentioned barrier was the highly formalistic and bureaucratic nature of Slovenia's labour market regulation. Respondents referred to various legal instruments—such as the Working Time Act, the Act on Cross-Border Provision of Services, and immigration laws limiting the employment of third-country nationals—as overly rigid and difficult to reconcile with sectoral realities. This rigidity was said to curtail negotiation opportunities and hinder the capacity of social partners to adapt to evolving conditions. In particular, respondents viewed tax legislation and the high overall tax burden on labour as indirectly affecting the negotiation environment by creating external pressures on wage-setting and employment conditions.

A particularly significant concern was raised regarding the statutory regulation of the minimum wage. Multiple respondents identified the national-level minimum wage law as a critical constraint on sectoral bargaining. The power to determine the minimum wage rests with the Minister of Labour, who may act unilaterally, without meaningful consultation or agreement among the social partners. Respondents criticised this centralisation of authority, noting that it effectively sidelines collective bargaining and undermines sector-level wage structures. Some reported that steep increases in the statutory minimum wage have distorted the pay hierarchy, rendering lower-level wage brackets under collective agreements (such as the first, second, or third wage grades) obsolete or redundant.

Co-funded by the European Union

This disruption has reportedly created significant uncertainty, as collective agreements risk becoming outdated quickly, particularly when legislative changes outpace negotiated agreements. As one interviewee noted, collective bargaining is undermined when the parties cannot predict key framework conditions—such as the following year's minimum wage or legislative amendments—making it difficult to fix appropriate tariff classes or wage grids with lasting validity.

Interviewees also pointed to legal inconsistency and frequent regulatory changes as major obstacles. The unpredictability of the legal framework, especially with respect to labour and tax policies, was said to contribute to a lack of confidence among employers and negotiating teams. Moreover, developments in the public sector—such as favourable wage agreements—were reported to indirectly shape expectations and exert upward pressure on private sector negotiations, particularly in sectors struggling with competitiveness.

From a procedural standpoint, several interviewees noted that unclear mandates, lack of coordination, and insufficient expertise among negotiating team members impede effective bargaining. The importance of professional, multidisciplinary support teams—including legal and economic experts—was highlighted as a facilitator. It was suggested that reducing the size of negotiating teams (to 2–3 members per side), clarifying roles and responsibilities, and ensuring adequate training in negotiation techniques would enhance both efficiency and outcomes.

Another proposal was the introduction of structured procedural mechanisms, such as a "deadline regime" that would prevent either party from unduly delaying negotiations. Such measures, it was argued, could mitigate the stalling of talks and promote procedural discipline.

Not all respondents viewed legal rules as inherently problematic. One interviewee asserted that there are no legal obstacles per se; instead, the primary challenges lie in the uneven capacity and skills of negotiators, including their varying levels of experience, legal knowledge, and bargaining tactics. The quality and preparedness of the negotiating parties, rather than the legal environment, were seen as the decisive factors in determining negotiation outcomes.

A further concern raised was the unequal capacity to engage in negotiations based on company size. Smaller enterprises, particularly those newly classified as medium-sized, often lack the organisational resources or decision-making autonomy to participate effectively in sectoral negotiations. This asymmetry reduces their influence and creates a fragmented employer landscape.

Finally, respondents underscored the importance of clear communication about the purpose and value of collective bargaining, particularly to prevent the "radicalisation" of positions and to maintain a constructive atmosphere. Misunderstanding or miscommunication about the role of collective agreements—either among stakeholders or the broader public—can fuel unrealistic expectations or oppositional postures, thereby undermining the negotiation process.

In contrast, several facilitating factors were identified: the involvement of expert institutions such as the Chamber of Commerce and the Association of Employers (ZDS); the insistence on face-to-face meetings and regular dialogue; the presence of legal or policy mandates for negotiation; and a legislative environment that allows sectoral autonomy within clear procedural frameworks. Respondents emphasised that where such conditions are met, sectoral collective bargaining is more likely to be meaningful, efficient, and constructive.

3. Measures to Make Collective Bargaining More Efficient

The question was: *What do you think would increase the effectiveness of collective bargaining?*

According to the interviewees, improving the effectiveness of collective bargaining in Slovenia would require a combination of structural, legal, and interpersonal changes. Central among these is the restoration of mutual trust between the social partners, which several respondents described as currently lacking. Distrust is often exacerbated by the perception that one party is politically aligned with the government of the day, leading the opposing party to question the neutrality of the bargaining process.

A recurrent theme in the interviews was the need for greater knowledge and understanding among negotiators, particularly on the employee side. Respondents stressed the importance of joint or targeted training to ensure that participants possess a common understanding of the principles, legal boundaries, and objectives of collective bargaining. This includes not only technical knowledge of labour law and wage-setting mechanisms but also broader economic literacy and negotiation skills. One respondent noted that negotiators often misunderstand what can be addressed through bargaining and what is statutorily excluded, such as the minimum wage, which is set by law and ultimately decided by the Minister of Labour.

Co-funded by the European Union

Several interviewees highlighted the need for a more active engagement of all three actors—employers, trade unions, and the state. Currently, both employers and unions are seen as exerting pressure on the Ministry of Labour in parallel rather than working collaboratively within structured tripartite dialogue. A more balanced and open framework, in which the law provides greater latitude for the social partners to negotiate sector-specific matters, was seen as essential for making collective bargaining more relevant and effective.

Respondents also pointed to the narrow thematic scope of current bargaining practices as a major limitation. In many sectors, collective negotiations have been restricted for years almost exclusively to the tariff annex, focusing on wages, while other substantive issues are neglected. Although in some industries efforts have been made recently to reopen the normative parts of agreements, this remains the exception rather than the rule. Issues such as improving working conditions, attracting and retaining young workers, fostering sectoral competitiveness, or addressing evolving employment needs are seldom addressed. According to the respondents, negotiations have become one-sided, with no movement toward easing burdens on employers or revisiting employee entitlements in light of changing economic realities.

Expanding the coverage of collective agreements was seen as a further means of enhancing bargaining effectiveness. Greater coverage would help prevent unfair competition within sectors, where firms not bound by collective agreements may undercut standards, undermining those who do comply. Broader coverage would also reinforce equity and predictability across the labour market.

On the issue of dispute resolution, one interviewee proposed that the involvement of independent mediators could enhance the efficiency of negotiations, particularly in deadlock situations. Mediation could provide a structured and neutral forum for conflict resolution, especially where trust between the parties is low.

Several respondents also identified institutional fragmentation as a key challenge. At both the national and sectoral levels, the proliferation of trade unions complicates the negotiation process. The sheer number of unions and federations involved leads to delays in mandate approvals, prolonged negotiations, and difficulties in reaching consensus. This is particularly acute when negotiations extend beyond quantitative issues and touch on legal or normative provisions, such as working time, leave, or entitlements. In such cases, the slowness of internal union coordination, or delays in communication between HR departments and company directors, was cited as a major bottleneck.

To address this, some interviewees called for a revision of the law on trade union representativeness, with a view to simplifying the structure of social dialogue and streamlining negotiations. Others suggested that effectiveness would also benefit from faster legislative procedures related to labour market reforms, so that collective agreements and legal frameworks can evolve in tandem.

Finally, respondents emphasised the need for inclusivity and legitimacy in collective bargaining. While some viewed a smaller number of negotiating parties as a practical improvement, others underlined that broad participation is essential to ensure that outcomes are accepted across the board and that collective agreements serve the interests of both employers and workers.

4. The Impact of Crises on Collective Bargaining

The question was: *How do you think the different crises (e.g. COVID-19, economic crisis, climate crisis, war between Russia and Ukraine) have affected collective bargaining in your industry?*

Most interviewees stated that collective bargaining continued as usual during the various crises and that the negotiations were largely unaffected. Several reported that these crises had no tangible impact on the process; negotiations were conducted as if no extraordinary events were taking place. In this context, respondents often described a sense of continuity and normalcy despite external disruptions.

However, some interviewees highlighted that while bargaining technically continued, reaching agreements became more challenging due to economic pressures and limited resources for wage increases and other employee benefits. In some cases, redundancies and layoffs further complicated negotiations. The COVID-19 pandemic was cited as the crisis with the most direct impact, primarily in the form of delays or postponements of negotiations due to lockdowns and the broader disruptions to normal business operations. One respondent mentioned that the government's emergency measures during the pandemic did not create space for dialogue but rather constrained the possibilities for negotiation, further reducing the room for manoeuvre for social partners.

Several respondents observed that collective bargaining stalled during the pandemic, as the focus of many companies shifted toward immediate survival, adapting working conditions, and managing operational risks. The declining number of employees in some industries over the past decade has also reduced workers' bargaining power,

Co-funded by the European Union

a trend that the pandemic accelerated. It was noted that the mass departure of workers from certain sectors during COVID-19, many of whom never returned, exacerbated existing labour shortages and weakened the unions' position at the bargaining table.[13]

In some cases, negotiations were not formally suspended but became idle, drawn out, or overly focused on minor technicalities. Respondents described situations where discussions became inefficient, centred more on language and interpretation than on substantive progress. However, a few interviewees argued that crises—particularly economic downturns—can also act as a catalyst for negotiation. Under pressing circumstances, the need to act can foster greater awareness and cooperation among social partners. For example, during the acute phase of the pandemic, some union representatives showed more flexibility and urgency in responding to the evolving situation.

One interviewee noted that employers often felt unheard in the decision-making process during crises. While the state offered some limited support, employers were left to carry the burden of navigating business challenges alone. According to this perspective, unions were largely passive in crisis management and did not contribute meaningfully to resolving key issues. Instead, the employee side was described as increasingly inflexible and poorly prepared for effective dialogue. As crises unfolded, some employers used them as leverage to argue for a reduction in workers' expectations regarding wages and benefits.

Another respondent reflected more broadly on how crises tend to produce rigidity in negotiations. Although the actual conditions call for more flexibility and adaptability, the social partners often retreat into more entrenched positions. This growing rigidity, especially during moments of economic uncertainty, contrasts with the evolving expectations of younger workers, who approach employment with a different mindset and value system.

One respondent emphasised that crisis management is primarily a leadership responsibility. Employers must be proactive in identifying and addressing risks early, communicating clearly with employees, and managing internal uncertainty constructively. Crises should not be used as a pretext to implement measures that would otherwise fall under regular business planning. Instead, companies should foster a culture of transparency and resilience, where employees are informed well in advance about potential challenges and the measures that may follow. According to this view, employees have a shared responsibility to understand and support the measures taken, as both sides must recognise that they are working toward the same goal—navigating and overcoming difficult periods together.

5. Special Rules for Social Dialogue during the COVID-19 Pandemic

The question was: *How does sectoral social dialogue relate to national social dialogue? For example, do tripartite agreements (e.g. on minimum wage or working time) concluded at the national level affect the social partners' room for manoeuvre in sectoral negotiations? (How, for example, the Minimum Wage Act or the Working Time Act affects the room for manoeuvre in the industry).*

In Slovenia, sectoral social dialogue is largely an extension of the national-level dialogue, which means that national decisions and frameworks critically shape what is possible at the sectoral level. Almost all interviewees agreed that tripartite agreements and national social dialogue have a significant impact on the sectoral bargaining space, often narrowing the room for negotiation. When key aspects such as minimum wages, working time regulations, or the tax treatment of wage-related benefits (e.g. commuting costs, meal allowances) are determined at the national level, they can considerably limit the flexibility and scope of sectoral collective agreements. One respondent described this as having "tied hands" at the sectoral level, making it very difficult to negotiate anything meaningfully within such rigid constraints.

Several interviewees expressed concern that national-level decisions often predetermine the outcomes of sectoral talks or create conditions that put the employer side at a disadvantage. Measures taken without proper tripartite consultation—let alone consensus—can still shape the terrain of sectoral negotiations in a way that undermines their legitimacy or efficacy. One respondent noted that sectoral bargaining is losing relevance and weight, as many key topics—such as the minimum wage—are now set by national legislation rather than through sectoral agreements. As a result, current sectoral negotiations often revolve only around NOPs (lowest basic wages), limiting the scope of discussion and reducing the strategic importance of sectoral dialogue.

Furthermore, some respondents warned that national-level agreements often establish unrealistic benchmarks or expectations, which spill over into sectoral talks and complicate the negotiation process. These high expectations can lead to friction and dissatisfaction, especially when employers are already grappling with competitiveness issues

[13] An interviewee mentioned that during the COVID-19 crisis, many people left tourism, which led to an extreme shortage of employees. Thus, it was necessary to facilitate the procedures concerning the employment of foreigners, which in turn was recognized as an important matter to speed up and facilitate the procedures.

Co-funded by the European Union

and difficulties in attracting qualified labour. The overall environment becomes less conducive to compromise, and sectoral dialogue is reduced to fine-tuning already determined frameworks rather than addressing the sector's specific needs.

The transfer of distrust from national to sectoral level was also mentioned: if a poor relationship or lack of trust characterises national social dialogue, that tension tends to carry over into sectoral negotiations. In this context, interviewees highlighted that the workers' side tends to focus exclusively on negotiating higher wage elements—such as minimum basic income levels and holiday allowances—while showing limited interest in broader topics. Because the minimum wage is enshrined in law, employers are legally barred from negotiating below it, and unions often demand more, as sectoral bargaining allows for the establishment of more favourable conditions.

Some respondents acknowledged that national regulations providing additional benefits to the labour side could actually strengthen the employer's position during negotiations, by helping to counterbalance union demands. However, others argued that collective agreements rarely respond to legal or structural changes initiated at the national level, resulting in a lag or disconnect between regulation and practice. One respondent shared that, despite these challenges, social dialogue within their own company's internal collective agreement functions relatively well, highlighting that firm-level mechanisms may sometimes offer more flexibility and responsiveness than sectoral structures.

Overall, there is a broad consensus that national-level regulation significantly shapes the boundaries of sectoral dialogue—often limiting its scope, altering its purpose, and diminishing its strategic value for both sides of industry.

After the adoption of the Minimum Wage Act, both social partners quickly realised that the key decision-maker was the Minister of Labour, who has the authority to set the minimum wage. Since then, the process has turned into a kind of competition, with both sides trying to apply pressure on the minister earlier and more effectively. This dynamic has created significant challenges for employers, particularly because they are required to prepare their business plans in November or December, while the final decision on the minimum wage is only made by the minister in January. This delay creates uncertainty that complicates planning and budgeting at the company level.

It is also worth noting that when minimum wage and working time issues are discussed at the national level—such as within the Economic and Social Council—the timeframe for deliberation is extremely limited. Interviewees reported that negotiations were held over just a few days, and the materials provided were confidential, making broader consultation impossible. As a result, employers are often excluded from early and meaningful participation. They expressed a desire for earlier and more transparent information about the intended direction of these policies, especially when the issues have long-term impacts and have been in preparation for some time. Unfortunately, national-level social dialogue is often reactive: the partners are presented with fully formed proposals with little time to reflect, discuss, or seek wider input. This leaves employers without adequate time to assess consequences or develop alternative proposals.

Many matters are determined at the national level and later need only to be implemented or fine-tuned at the sectoral level. For instance, the right to disconnect was introduced as a national legal obligation, applying equally across all sectors. However, the responsibility for defining its practical application falls on companies—either through internal collective agreements or through sectoral collective agreements, if they exist. A respondent explained that because their sector's collective agreement does not yet clearly regulate the right to disconnect, they adopted an internal company policy. However, this approach raised legal uncertainty: while the law on the right to disconnect refers to the sectoral collective agreement as the place for detailed regulation, that agreement remains silent on the matter. This leaves companies in a difficult position, unsure whether their internal policies are fully compliant with the law.

One interviewee proposed the establishment of a form of pre-legislative coordination—described as "economic diplomacy"—which would involve key stakeholders and protect essential economic interests before the adoption of policies that could negatively impact certain sectors. This would allow the business community to engage more meaningfully in national decision-making processes and ensure that their perspectives are considered early enough to influence outcomes.

6. The Optimal Topics to be Included in the Sectoral Social Dialogue

The question was: *Are there any areas of regulation of the recruitment process that could (in your opinion) be improved by an industry collective agreement? If so, in what areas and with what possible content? Are there any topics in your industry that would be worth addressing in the context of the sectoral social dialogue (with the involvement of trade unions)?*

Respondents identified several areas where recruitment-related issues could be addressed more effectively through sectoral collective agreements. One recurring theme was the need to systematically prevent arbitrary departures of

Co-funded by the European Union

workers without observing proper notice periods. This, they argued, creates instability in workforce planning and places undue strain on business operations.

The salary model and broader forms of remuneration were also frequently mentioned. Several interviewees called for a better legal framework for incentive-based payments and performance-related bonuses. Current taxation of such rewards in Slovenia is considered excessively high, and some respondents proposed the introduction of a “tax cap” that would establish a maximum contribution threshold. This would, in their view, incentivise both employers and employees while avoiding excessive financial burden.

Training and the regulation of employment relationships—particularly when the employer invests in the professional development of employees—were also seen as areas that could benefit from sectoral-level regulation. Specific attention was drawn to the probation period, which several respondents suggested should be simplified even further. Similarly, working time arrangements were frequently raised as a concern. Interviewees argued that sectoral regulation could more appropriately address matters such as holidays, absences from work, temporary layoffs (waiting time), and the scheduling of seasonal work. More flexible and context-sensitive frameworks at the sectoral level could enhance efficiency and better reflect the realities of different industries.

Another issue raised was the internal reassignment of employees to different roles or workplaces within the same company. According to respondents, clearer provisions in collective agreements could enhance legal certainty and operational flexibility in such situations. The growing difficulty in filling certain roles, particularly in hospitality, tourism, and the textile industry, was also highlighted. Several interviewees noted that the regulation of seasonal foreign employment needs significant revision. They suggested that the recruitment process should be supported by simplified and expedited procedures, allowing sectors to adapt more quickly to evolving market demands. The one-year legal requirement for seasonal work was considered excessive; although recent legislative changes have reduced this to a minimum of six months (effective May 2025), respondents maintained that a shorter term of three to five months would be more appropriate in certain industries.

The interviewees also pointed to the need to strengthen vocational education and training systems. The formal recognition of employment tenure and its associated rights, particularly in sectors like metalworking, could be better regulated through collective agreements. Moreover, several respondents expressed concern about decreasing worker loyalty. Employer transitions have become more frequent, particularly among younger generations, whose greater mobility undermines continuity within companies.

In addition to vocational education, respondents called for the institutionalisation of mentoring within collective agreements. This would formalise a process through which experienced workers transfer knowledge and skills to less experienced colleagues, thereby contributing to professional development and long-term workforce sustainability. Improved working conditions and a stronger focus on mentoring were seen as necessary steps for increasing the attractiveness of various professions and ensuring the long-term viability of specific sectors.

Despite these suggestions, not all respondents were supportive of expanding the scope of collective bargaining. Three interviewees stated that all relevant factors were already addressed in existing agreements and that there was no need for further regulation. One respondent, taking a more critical stance, argued from the employer’s and HR’s perspective that it would be most rational to abolish collective agreements altogether. In their view, collective bargaining has become ineffective, largely because the legislator does not consider the input of negotiators—evidenced by recent reforms such as the Working Time Records Act or changes in labour taxation.

Another interviewee expressed concern over excessive regulation through collective agreements and advocated for minimal additional provisions at the sectoral level. They argued that what is regulated nationally should remain regulated at that level alone. In Slovenia, it was noted, there is a prevailing top-down approach to labour standards, in which rights and obligations are determined centrally and expanded further at lower levels of regulation. This system, respondents claimed, leaves little to no room for sectoral social partners to exercise real autonomy. Sectoral agreements can only enhance already existing rights, which becomes problematic when national legislation already sets standards at a high level. Although exceptions may exist—particularly in environments characterised by high levels of trust—the current legal and institutional framework makes it extremely difficult to implement meaningful changes at the sectoral level.

7. Minimum Wage

The question was: *In your opinion, is the regulation of the minimum wage at the national level by the Minimum Wage Act sufficient, or is additional regulation at the level of individual industries justified (e.g. would you like the wage policy to continue to be regulated by the industry according to collective agreements of activities?)? If you support sectoral*

Co-funded by the European Union

regulation, what do you think are the legal, economic and labour market reasons for this? Doesn't this create tension between employees and representative organisations in different industries?

In Slovenia, the minimum wage is currently regulated by national legislation and determined annually by the Minister of Labour, based on a set of predefined indicators. This system leaves no space for social dialogue in wage-setting, as the decision ultimately rests with the ministry. Many interviewees perceived this as a victory for trade unions, yet expressed concern that it may not align with the practical needs of business or contribute constructively to the long-term development of the Slovenian economy. Sectoral collective agreements and NOPs (the lowest basic wage levels) have, in recent years, ceased to play any meaningful role in determining the minimum wage or shaping broader wage policy. Consequently, employers find themselves effectively constrained by a system that is both unilateral and inflexible.

A large proportion of respondents argued that wage policy should be regulated at the sectoral level, with sectoral social dialogue replacing the current nationally centralised approach. In their view, the existing minimum wage law fails to account for the diverse characteristics and realities of different sectors. Sector-specific conditions—ranging from economic performance to labour market dynamics—were cited as critical factors that national-level regulation simply overlooks. Sectoral wage-setting would enable greater flexibility and facilitate the creation of fairer and more tailored pay systems that reflect the unique challenges and labour needs of individual industries. Such an approach, it was argued, could also help harmonise disparities between sectors of differing attractiveness to workers, while enhancing both competitiveness and predictability. For example, high-skill sectors with greater value-added may be in a position to offer better pay conditions than lower-margin industries such as textiles. With the opportunity to negotiate specific allowances and benefits linked to working conditions, sectoral agreements could also improve employee satisfaction and retention. Respondents stressed that only the sectors themselves are truly equipped to assess what levels of remuneration are sustainable and negotiable. This reasoning was often coupled with the view that individual elements of wage policy—including pay scales, bonuses, and allowances—should ideally be determined either at the sectoral level or, in some cases, even within company-level collective agreements.

However, the proposition of expanding sectoral regulation is not without its complications. Many respondents acknowledged that this could generate tensions between industries. The competitiveness gap between, for instance, labour-intensive sectors such as textiles and more capital-intensive, high-tech industries is significant, and differentiated wage-setting could exacerbate perceived inequalities or imbalances in labour conditions.

That said, a substantial minority of interviewees offered a contrasting view. More than one-third of respondents believed that the current system of national-level regulation is both adequate and broadly supported within society. One interviewee highlighted that national regulation ensures a uniform starting point across the entire labour market, providing clarity and simplicity for employers and employees alike. Others expressed concern that introducing an additional regulatory layer at the sectoral level would complicate matters and impose new burdens without delivering clear benefits. One respondent explicitly argued that the national minimum wage regime is sufficient and that further regulation would only add to the administrative complexity. Another pointed out that existing sectoral wage structures, particularly the traditional tariff classifications, are rarely updated and largely obsolete. In companies without union representation, wage structures can be freely designed, and the national minimum wage provides a sufficient baseline.

Some respondents went further, suggesting that the focus on the minimum wage has become excessive and disproportionate. They called for more attention to be paid to other elements of the employment relationship—such as paid leave, rest breaks, additional insurance, telework, and broader working conditions—which are often overlooked in favour of wage discussions. One interviewee proposed that instead of setting the minimum wage on a monthly basis, a more precise and fairer approach would be to define it by the hour.

Taken together, the responses reveal a clear divergence in views. While many argue that sectoral wage-setting would enable a more equitable and tailored approach, others emphasise the simplicity, fairness, and efficiency of a unified national system. The debate ultimately hinges on questions of flexibility, sectoral autonomy, and administrative feasibility, as well as broader issues of social cohesion and labour market competitiveness.

8. Sectoral Level Minimum Wage

The question was: *Do you think that industry-level minimum wage regulation is an appropriate tool to prevent the attraction and "theft" of employees between employers in the same industry? If not, how can this be prevented?*

The responses to this question reflect a general scepticism regarding the effectiveness of industry-level minimum wage regulation as a mechanism to prevent the movement of workers between employers within the same sector.

Co-funded by the European Union

One respondent argued that in a free-market economy, workers are not "stolen" by employers; rather, employees make autonomous choices based on available opportunities. In this view, the idea of using regulation to prevent such movement is outdated. Companies must focus on offering attractive employment conditions to recruit and retain skilled workers, and in this context, collective agreements offer little influence over wage dynamics, leaving employers to compete openly in the labour market.

Most interviewees agreed that the minimum wage is not an appropriate or effective tool for addressing labour turnover within a sector. In periods of high employment or low unemployment, the minimum wage becomes irrelevant as a mechanism for preventing labour movement. Instead, respondents consistently pointed to wage flexibility as a more effective strategy. Those employers who can offer higher compensation packages—through bonuses, benefits, or other incentives—are naturally more successful in attracting talent. Respondents emphasised that the system of taxation in Slovenia, particularly the high tax burden on bonuses and rewards, acts as a disincentive for more dynamic and performance-based wage systems. A more favourable tax treatment would benefit both employers and employees and support retention strategies more effectively than a regulated minimum wage.

Another perspective raised was that intersectoral labour mobility—rather than intra-sectoral "poaching"—is a greater challenge. Due to worker shortages in many industries, employees are increasingly willing to change sectors altogether, especially when retraining options are available. Respondents noted that younger workers are particularly mobile, often leaving for marginal pay increases, but many eventually return when personal circumstances change, such as the desire to live closer to home once they start a family.

Respondents also stressed that well-paid and valued workers are much harder to lure away. Fair remuneration, respectful treatment, and a positive work environment are key factors in worker retention. From this standpoint, a sectoral minimum wage would play only a marginal role. One respondent acknowledged that while a higher sectoral minimum wage could be a tool, it would not be sufficient on its own. Moreover, the economic realities of many industries do not allow for a sectoral minimum wage above the national level, and attempts to implement such measures could have unintended consequences by distorting the broader wage structure within the industry.

Many interviewees emphasised that effective strategies for employee retention lie within the control of individual employers. Enhancing the working environment, rewarding employee loyalty, offering personalised benefits, and providing professional development opportunities were all cited as important. One respondent advocated for a focus on long-term workforce strategies, highlighting that employees evaluate a wide range of working conditions beyond pay—such as shift patterns, workloads, holiday entitlements, flexible schedules, training options, advancement opportunities, job stability, and proximity to home. These factors often outweigh minimum wage considerations in employment decisions.

Some respondents supported maintaining the national minimum wage framework, seeing it as a fair and unified starting point across sectors. However, they acknowledged that the minimum wage is a basic standard and does little to influence internal mobility or competition within an industry. It was also pointed out that in some regions where a single employer dominates the labour market, companies may offer only the legal minimum wage, which further weakens the role of sectoral agreements.

Finally, one interviewee noted that individual companies may use non-competition clauses or establish agreements to limit the transfer of employees between competitors in the same sector. However, these are employer-level solutions rather than policy measures. Overall, the consensus was that preventing worker turnover is more effectively addressed through company-specific practices and broader improvements to working conditions, rather than through minimum wage regulation at the industry level.

9. The Effects of Robotisation and Automation

The question was: *Do you think that the spread of automation and robotisation will change the perception of multinationals that they do most of their business in their subsidiaries in Central and Eastern Europe due to lower labour costs? Is there any peculiarity in Slovenia in this regard (e.g. the cost of labour in Slovenia compared to competitors abroad)?*

Based on the interviews, it appears that the issue of automation and robotisation is not currently perceived as an urgent concern among Slovenian stakeholders. Only a few respondents answered affirmatively, suggesting that while the topic is acknowledged, it is not yet considered a transformative factor in the decisions of multinational companies operating in Central and Eastern Europe.

Respondents highlighted that labour costs and tax burdens in Slovenia are significantly higher than in neighbouring countries, making Slovenia a less attractive destination for cost-sensitive investment. In this context, companies are more likely to seek jurisdictions with more favourable tax systems and less rigid regulatory environments. While automation can reduce the relative importance of labour costs, Slovenia's overall competitiveness is also dependent on other factors, including the degree of investment in advanced technologies and the upskilling of the workforce.

A recurring theme in the responses was the recognition of Slovenia's relatively well-educated workforce, particularly in terms of language competencies. However, this strength is counterbalanced by a perceived lack of mobility and flexibility among workers. The current labour market does not sufficiently promote dynamism, either in terms of geographical mobility or adaptability. High taxation on both employers and employees, combined with rigid and formalistic labour laws, further contributes to an environment that is seen as neither business-friendly nor conducive to innovation in employment practices.

Some interviewees observed that the countries which are currently absorbing outsourced production from Slovenia often possess similar or even superior workforce qualifications and are willing to accept significantly lower compensation. As such, automation and AI technologies are not necessarily tipping the scales in Slovenia's favour. While robotics and AI systems are uniform in their hardware costs globally, the broader investment environment—including bureaucratic efficiency, availability of skilled labour, and fiscal incentives—plays a critical role in location decisions. Therefore, the mere spread of automation is unlikely to shift the perception of multinationals unless these accompanying structural issues are also addressed.

In sector-specific terms, several respondents noted that automation is of limited relevance in industries such as hospitality, where the physical nature of service delivery inherently constrains the potential for relocation. For such sectors, the implications of automation are largely limited to administrative processes, and the demand for service personnel remains high. Furthermore, automation and robotisation primarily threaten low-paid, repetitive jobs, while many roles—particularly those involving physical presence or interpersonal interaction—are less susceptible to replacement.

There was also a strong view among respondents that the wage differential between Slovenia and its Eastern European and Western Balkan neighbours will continue to influence multinational decision-making for the foreseeable future. As long as salary levels in those regions remain significantly lower, Slovenia is likely to face competitive pressures, particularly for labour-intensive tasks. Moreover, certain jobs will continue to require human labour, regardless of technological advancements, especially in sectors where full automation is not yet economically viable or socially acceptable.

One interviewee emphasised the risk of adopting a utopian perspective that only high-tech, high-value-added jobs are necessary for a sustainable economy. Manufacturing roles, while often less glamorous, will continue to play a crucial part in the labour market and must be made attractive to future generations. Until automation yields substantial, measurable returns that clearly outweigh the advantages of cheaper labour elsewhere, Slovenia is unlikely to experience a significant re-evaluation by multinational investors. On the contrary, the ongoing disparity in labour costs—especially in middle- and high-skill brackets—suggests that Slovenia may continue to lose ground to more fiscally favourable environments in the region.

An interviewee noted that multinational corporations are increasingly moving their operations not only out of Central and Eastern Europe, but entirely outside the European Union, favouring locations that offer even lower labour costs and more favourable investment conditions. Whether automation and robotisation will reverse or even moderate this trend remains uncertain, as business location decisions are influenced by a combination of factors—labour and energy costs, tax incentives, subsidies, and general economic conditions. Companies will continue to select environments that offer the most advantageous overall package. In this context, robotisation alone is unlikely to be a decisive factor.

Cultural and linguistic proximity were also cited as relevant considerations. While Central Europe and the Western Balkans still offer the advantages of legal certainty and geographic proximity within the European framework, other regions—particularly outside the EU—present increasingly competitive offers in terms of fiscal and regulatory incentives. In comparison, Slovenia is becoming a less attractive destination due to the growing burden of labour costs and perceived instability in the regulatory environment.

Several respondents observed that the cost of labour in Slovenia is rising rapidly due to various compounding factors, including a high minimum wage, relatively high payroll taxes, labour shortages, increasing wage demands, and the rising cost of employing student workers. When gross wages are calculated for a standard 7.5-hour workday—including all mandatory contributions—Slovenia emerges as significantly more expensive than many other countries in the Balkans or neighbouring Hungary. This elevated share of wage-related costs is compounded by rising taxation and social contributions, creating a disincentive for both employers and employees. As one respondent put it, the cumulative effect of these burdens significantly reduces Slovenia's appeal for multinationals, particularly those that operate across multiple jurisdictions and can easily shift operations to more favourable contexts.

Co-funded by the European Union

In addition to the level of taxation, the lack of predictability and consistency in Slovenia's tax policy was repeatedly highlighted as a key challenge. High income and corporate tax rates are exacerbated by frequent changes in tax legislation and its inconsistent interpretation by the Financial Administration of the Republic of Slovenia (FURS). This unpredictability was characterised by interviewees as a major structural disadvantage. Furthermore, Slovenia lacks a coherent and incentive-driven investment policy to attract or retain foreign capital. Without substantial reforms, rising labour costs and regulatory instability are likely to undermine Slovenia's competitiveness further.

From a labour market perspective, another respondent cautioned that automation and robotisation are not inherently favourable to workers or employment levels. These developments challenge employers to rethink how they can generate added value in a more automated production environment. For some businesses, especially those with existing supply chain complexities, automation may encourage reshoring—shortening supply chains by bringing certain operations closer to home. While this may result in slightly reduced profit margins, it can offer important compensatory advantages: lower transportation costs, better quality control, more reliable delivery, and a more predictable regulatory and tax environment. The interviewee suggested that the long-term goal should be to ensure that "Made in the EU" signifies higher quality, greater reliability, and overall value compared to non-EU production, making regional manufacturing a strategic priority despite global cost pressures.

10. Other Relevant Topics

The question was: *Is there any other circumstance or fact that is not mentioned in the questions that you consider relevant to the state of your sectoral social dialogue?*

Several respondents raised additional issues that they consider important for understanding the current state and prospects of sectoral social dialogue in Slovenia. A recurring theme was the need for more frequent and open communication between social partners. One interviewee emphasised the importance of increased dialogue and mutual engagement, noting in particular the absence of active communication channels between employers and state institutions. This lack of interaction, they argued, limits opportunities for creativity and the development of mutually beneficial solutions.

Another respondent observed that sectoral social dialogue has largely stalled in recent years, with limited willingness to engage or compromise on either side. In particular, the employee side was seen as resistant to any proposals that would entail a reduction in existing rights, even if such changes could contribute to more sustainable business operations and long-term benefits for all stakeholders. The current impasse was linked to a broader structural issue: the application of uniform rules of social dialogue across countries with very different traditions and capacities. According to this view, it may not be appropriate to expect the same outcomes in countries like Slovenia, where social dialogue lacks deep historical roots, as in countries where it has long been a foundation of socio-economic governance.

Concerns were also raised about the non-transparent involvement of the state in employment policy—particularly the practice of placing employers on so-called "blacklists" that restrict their ability to hire foreign workers for relatively minor infractions, often without a clear legal basis. Respondents argued that such measures should be reserved for serious violations and otherwise abolished.

Outdated labour legislation was another area flagged for reform. Laws such as the Workers' Participation in Management Act, the Strike Act, and the Trade Union Representativeness Act were identified as in need of substantial revision, having failed to keep pace with changes in the labour market and employment practices. Relatedly, the Slovenian textile sector was cited as facing an acute shortage of skilled workers, with sector-specific employment incentives and improved cooperation between businesses, educational institutions, and social partners suggested as potential remedies.

Some respondents, particularly those from companies with established internal collective agreements and strong social dialogue, expressed a desire for greater decentralisation and deregulation. They proposed that legal and sectoral provisions should serve primarily as a baseline for companies without internal agreements, leaving greater room for negotiation and adaptation at the company level. According to this view, the rigid hierarchy of standards—from national to sectoral to company level—limits flexibility and discourages innovation. Allowing more autonomy for enterprises with functioning internal dialogue could help address cases where unions are unwelcome or marginalised, while still maintaining protections for workers in less organised firms.

The need for sectoral social dialogue to evolve in line with broader socio-economic transformations was also emphasised. Current dialogues remain overly focused on traditional employment conditions, with insufficient attention paid to emerging challenges such as digitalisation, shifting workforce expectations, and new forms of work.

Co-funded by the European Union

One of the respondents highlighted the persistent tension in negotiations, where trade unions typically focus on wage issues, while employers also seek changes in the normative aspects of agreements. This misalignment complicates the negotiation process and restricts the potential for meaningful progress.

Respondents also noted generational shifts in the labour force. Younger workers are increasingly disinterested in traditional employment models, favouring more flexible and tax-efficient arrangements. Many do not prioritise long-term benefits such as pensions and prefer forms of work that offer immediate gains. This shift is particularly pronounced among lower-skilled workers in sectors such as hospitality, where short-term thinking predominates. As such, traditional collective agreements may no longer align with the expectations and behaviour of the incoming workforce.

Finally, one respondent stressed the foundational role of the state in maintaining the conditions for effective social dialogue. Regardless of political affiliations, it is essential to appreciate that the country functions within a peaceful and orderly system, offering access to education, healthcare, and public services. The challenge, they argued, lies in creating a shared understanding of national competitiveness and treating the economic and social ecosystem with responsibility. Serious, fact-based public discourse—particularly by economists and communicators—can help cultivate a culture of agreement and mutual understanding, essential for raising the quality of social dialogue. Avoiding populism and focusing on substance is necessary to preserve and advance the broader social contract.

IV. Conclusions and Recommendations

In recent years, as in many other Central and Eastern European countries, the Slovenian labour market has been significantly affected by a persistent shortage of skilled workers, particularly in sectors such as construction, hospitality, and manufacturing. This shortage has led to an increasing reliance on foreign labour, with growing numbers of workers arriving from former Yugoslav republics, as well as from third countries, including those in the Far East and India. Simultaneously, inflation and labour shortages have exerted upward pressure on wages, which has, in turn, influenced several sectoral collective agreements—particularly with regard to the adjustment of minimum basic wages.

The legal framework governing sectoral social dialogue in Slovenia is constrained by the general rule that collective agreements may only deviate from statutory provisions in favour of employees. Exceptions to this rule are exhaustively listed in legislation[14], which significantly limits the contractual autonomy of the social partners. As a result, employers have limited incentive to engage in collective bargaining at the sectoral level. In view of this, it is recommended that the legal framework be revised to allow for more flexible derogations through collective agreements. Specifically, such derogations should be permitted in both directions—subject to certain safeguards—and not only in favour of employees. This flexibility should be made available in particular to sectoral collective agreements, which are better positioned to reflect the specific needs and conditions of different industries.

According to estimates by the OECD, the overall coverage rate of collective agreements in Slovenia was approximately 78% in 2017, including both the public and private sectors. However, no reliable or disaggregated data exist for coverage at the sectoral level, and the accuracy of this aggregate figure is questionable. It is therefore likely that actual coverage—especially in the private sector and across individual sectors—varies significantly and is in fact considerably lower. Compounding this issue is the lack of public accessibility to all collective agreements. Currently, only sectoral-level collective agreements are published in the Official Gazette, while company-level agreements are not subject to the same transparency requirements. Moreover, there is no standardised format for the drafting and publication of collective agreements.

This lack of transparency undermines legal certainty and hinders the effective exercise of rights by both employers and employees. To address this, it is recommended that a centralised, publicly accessible repository of all collective agreements be established. This platform should include both sectoral and company-level agreements, presented in a uniform format, and updated regularly. Such a system would not only enhance transparency and legal clarity but would also contribute to greater trust in the system of collective bargaining.

The questionnaire results also reveal that the presence of trade unions is limited across the sample of Slovenian employers, with only approximately half of the respondents reporting a union presence in their workplace. This significantly hinders the capacity for collective bargaining, particularly at the company level, and by extension reduces the likelihood of sectoral agreements being concluded or renewed. Strengthening the institutional presence and representativeness of trade unions is thus essential for the revitalisation of social dialogue in Slovenia.

[14] Less favourable terms than the minimum from the ZDR-1 may be agreed regarding the contents of the second paragraph of Article 9 of the ZDR-1. This concerns cases from Articles 33, 54, 59, 94, 120, 132, 144, 158, 172 and 222 of this ZDR-1, where the collective agreement also stipulates otherwise (less favourable).

Co-funded by the European Union

For this reason, collective agreements are currently unable to play a decisive role as one of the primary instruments for the regulation of employment relations. In addition to the fact that such agreements may generally only deviate from statutory provisions in favour of employees, this limitation reinforces the perception that employer organisations are more inclined to influence policy decisions through lobbying than to achieve their objectives through negotiated settlements with trade unions.

Sectoral collective bargaining tends to prioritise topics such as working time, occupational health and safety, employment termination, vocational training, and wages. Nevertheless, the findings suggest a relatively moderate interest in including minimum wage provisions within sectoral collective agreements. Interview evidence further indicates that wage issues dominate sectoral negotiations, while other important themes—such as the employment of migrant workers, gender pay equity, or sustainable development—remain marginal in both practice and regulatory frameworks. Scepticism towards climate change was also evident in the questionnaire responses, suggesting a lack of integration of sustainability issues into sectoral social dialogue.

No specific legislative provisions were introduced in Slovenia to strengthen social dialogue in response to the COVID-19 pandemic, the economic crisis, or the war in Ukraine. While certain legal obligations did exist—such as the requirement for employers to consult with employee representatives before introducing reduced working hours—these measures were largely inoperative due to a lack of conditions for state support. Notably, a significant number of interviewees stated that these crises had little or no impact on collective bargaining practices. However, it should be acknowledged that the pandemic introduced practical barriers to negotiation, particularly due to lockdown-related restrictions. Respondents also observed that crisis-time state interventions often prioritised the protection of employees, with insufficient attention paid to the operational difficulties facing employers.

Multiple structural barriers continue to impede the progress of sectoral collective bargaining. These include the underdevelopment and fragmentation of both employer associations and trade unions, as well as the declining organisational strength of trade unions. To address these challenges, a more coordinated approach is required on the part of employer organisations. Importantly, such a shift does not require legislative change but rather a proactive strategic response from the social partners themselves. In parallel, consideration should be given to revisiting the legal framework for trade union representativeness, as a more concentrated union landscape may support more coherent and effective bargaining processes.

Another persistent obstacle lies in the limited experience and competence of negotiators, particularly on the employee side. This lack of expertise undermines the quality and effectiveness of collective bargaining processes. A further challenge is the absence of mutual trust between the parties involved and, more broadly, a lack of confidence in state institutions—both of which reduce the willingness of actors to engage constructively in social dialogue.

Sectoral negotiations are also heavily influenced by the parameters set at the national level. For example, the statutory determination of the minimum wage has the effect of removing this issue from the bargaining agenda at the sectoral level. While some interviewees supported the idea of sector-level wage regulation to reflect industry-specific conditions, others expressed concern that such arrangements might introduce fragmentation or further tensions between sectors. There was no consensus among stakeholders on whether sectoral regulation should supplement or replace national wage-setting mechanisms.

To promote more meaningful collective bargaining, the creation of a supportive environment is essential. This should include both financial and non-financial incentives that encourage active engagement in collective negotiations. Awareness-raising campaigns could be initiated to highlight the legitimacy and benefits of collective bargaining, alongside efforts to strengthen the social partners' knowledge of bargaining processes, labour economics, and the broader dynamics of the labour market. In this context, the use of independent mediators may also serve to facilitate dispute resolution and support constructive dialogue.

Further legal reform is required to introduce positive legal consequences and concrete incentives—both economic and procedural—for the successful conclusion of collective agreements. Events and training activities dedicated to knowledge-sharing and skills development could play a central role in building capacity within the system.

To rebuild trust in public institutions, it is essential that government actors engage in meaningful and timely consultation with both employer and employee representatives, particularly when formulating labour market policies. Consultation should not be limited to formal processes but should include sufficient time for stakeholders to prepare and express informed views. Political and economic stability are also essential prerequisites for effective collective bargaining. While not all contributing factors lie within the control of the state, greater consistency and predictability in employment policy, tax policy, economic policy, and labour law would offer substantial benefits.

Rigid labour legislation was also repeatedly identified by respondents as an obstacle to effective collective bargaining. Several interviewees suggested that, in appropriate circumstances, it should be possible to deviate from statutory provisions such as the minimum wage through sector-level negotiations. Although a significant share of interviewees

Co-funded by the European Union

supported this view, more than a third were opposed to introducing sectoral minimum wage regulation, reflecting a divide in perspectives among social partners.

Finally, automation and robotisation were not seen by most interviewees as immediate threats to employment in their respective sectors. Nonetheless, Slovenia's long-term competitiveness will depend on its capacity to invest in advanced technologies and to enhance the skills of its workforce. Reducing the tax burden on employers and addressing bureaucratic inefficiencies are also seen as important measures for improving the country's attractiveness to investors and supporting sustainable economic development.

Co-funded by the European Union