

# Slovenia: Industrial relations profile

## Facts and figures

Area: 20,273 square kilometres

Population: 2,021,435

Language: Slovenian

Capital: Ljubljana

Currency: Euro

## Economic background

	Slovenia	EU27
<b>GDP per capita</b> (in purchasing power standards, index: EU27=100, 2007)	90.6	100
<b>Real GDP growth (% change on previous year)</b> (annual average 2004–2007)	5.3%	2.63%
<b>Inflation rate</b> (annual average 2004–2007)	3.1%	2.18%
<b>Average monthly labour costs, in € (2005)</b>	€1,699	€2,981
<b>Gross annual earnings, in € (2005)</b>	€15,439 (2007)	€28,992
<b>Gender pay gap</b> (Difference between average earnings of male and female employees as percentage of earnings of male employees, 2007)	7%	n.a.
<b>Employment rate (15–64 years) (2007)</b>	67.8%	65.4%
<b>Female employment rate (15–64 years) (2007)</b>	62.6%	58.3%
<b>Unemployment rate (15–64 years) (2007)</b>	4.8%	7.1%
<b>Monthly minimum wage (2007)</b>	€424.90	n.a.

Source: [Eurostat](#)

## Industrial relations, pay and working time

	Slovenia	EU27 (unweighted)
<b>Trade union density (%)</b> (Union members as percentage of all employees in dependent employment)	44%	n.a.
<b>Employer organisation density (%)</b> (Percentage of employees employed by companies who are members of an employer organisation)	80%–90%	n.a.

<b>Collective bargaining coverage (%)</b> (Percentage of employees covered by collective agreements)	96%	n.a.
<b>Number of working days lost through industrial action per 1,000 employees (annual average 2004–2007)</b>	2.8 days	37.47 days (estimate)
<b>Collectively agreed pay increase (%)</b> (annual average 2004–2007)	2.9%	5.53%
<b>Actual pay increase (%) (annual average 2004–2007)</b>	2.25% (2006–2007)	2.1%
<b>Collectively agreed weekly working hours (2007)</b>	40 hours	38.6 hours
<b>Actual weekly working hours (2007)</b>	40.2 hours	40 hours

Sources: *European Industrial Relations Observatory (EIRO)* and Eurostat

## Background

### Economic context

In December 2008, the Slovenian government and the Economic and Social Council of Slovenia (*Ekonomsko socialni svet Slovenije*, ESSS) reached a consensus on all areas of the government package of measures intended to alleviate the impact of the economic crisis ([SI0903029Q](#)). This package includes state guarantees and state loans concerning the banks, fiscal and other measures, subsidies for companies shortening the working week instead of cutting jobs, changes to the plan concerning active employment policy measures and provisions to ensure timely payment of social transfers.

### Legal context

In October 2007, the Slovenian parliament adopted amendments to the Law on Labour Relations (*Zakon o delovnih razmerjih*) introducing greater flexibility into the labour market and amendments to the Law on [European Works Councils](#) (*Zakon o svetih delavcev*), both from 2002. Overall, few changes were made.

In February 2008, the parliament adopted the Law on Participation of Workers in Profit (*Zakon o udeležbi delavcev pri dobičku*). A month later, changes to the Law on the Determination of the Minimum Wage (*Zakon o določitvi minimalne*) were adopted, increasing the gross monthly minimum wage to €566.53 as of 1 March 2008. In May 2008, the parliament adopted the Law on Worker Participation in Cross-Border Mergers of Companies (*Zakon o soodločanju delavcev pri čezmejnih združitvah kapitalskih družb*).

In January 2009, the parliament passed legislation providing subsidies to companies introducing a shorter working week due to declining orders. This measure is one of the centrepieces of the government's economic stimulus package.

### Main industrial relations trends

On 30 May 2008, the social partners in the private sector finally concluded the intersectoral Collective Agreement on the Pay Adjustment Method, the Refund of Work-related Expenses and the Annual Leave Bonus (*Kolektivna pogodba o načinu usklajevanja plač, povračilu stroškov v vezi z delom, in drugih osebnih prejemkih*, CAMPA). The CAMPA will remain in force until 31

December 2009. Article 6 states that companies operating at a deficit are allowed to postpone the basic pay rise by six months in agreement with the trade unions represented in the company, given that the pay increase would endanger a large number of workplaces ([SI0808019Q](#)).

Despite the consensus reached, some trade unions view the agreement as a defeat, as it only determined the increase in the lowest possible basic pay instead of all basic pay for 2008 and 2009 ([SI0607039I](#)).

In the most recent sectoral collective agreements, pay increases are related to the achieved results. Instead of the starting pay, they determine the lowest basic pay and the basic pay. Such agreements exist in economic sectors such as construction, agriculture, food production, road transport, wholesale and retail trade, and wood processing.

In September 2008, a new public sector pay system for about 155,000 public sector employees came into effect after a number of collective agreements were concluded. The latter comprised: the Collective Agreement for the Public Sector, the Collective Agreement on a common methodology for the placing of orientation jobs and titles into pay grades, 13 sectoral agreements and two company collective agreements.

## **Main actors**

### **Trade unions**

#### *Trade union density*

In recent years, trade unions have lost one third of all members. The latest available data for 2007 show that 44% of employees were in a trade union in Slovenia ([www.worker-participation.eu](http://www.worker-participation.eu)), decreasing from 63.5% in 1994 ([SI0210102F](#)).

According to union representatives, the trade union density rate for some confederations has remained the same, namely the Association of Free Trade Unions of Slovenia ([Zveza svobodnih sindikatov Slovenije](#), [ZSSS](#)), KNSS – Independence, Confederation of New Trade Unions of Slovenia ([KNSS – Neodvisnost](#), [Konfederacija novih sindikatov Slovenije](#), [KNSS](#)) and the Union of Workers' Solidarity ([Zveza delavcev Solidarnost](#), [Solidarnost](#)). Union density even increased in the Confederation of Trade Unions of Slovenia Pergam ([Konfederacija sindikatov Slovenije Pergam](#), [KSS Pergam](#)). The trade union density rate of ZSSS is about 40.8%, while it is 4% for KNSS and KSS Pergam currently has an 11.7% union density rate. The Confederation of Public Sector Trade Unions ([Konfederacija sindikatov javnega sektorja](#), [KSJS](#)), established in 2006, has a 10% union density rate ([SI0901029Q](#)).

*Which are the most important trade union confederations and federations?*

#### *Main trade union organisations*

There are seven trade union confederations in Slovenia:

- ZSSS;
- KNSS;
- KSS Pergam;
- Confederation of Trade Unions '90 of Slovenia ([Konfederacija sindikatov '90 Slovenije](#), [Konfederacija '90](#));

- Solidarnost;
- Slovene Union of Trade Unions Alternativa ([Slovenska zveza sindikatov Alternativa](#), Alternativa);
- KSJS.

### *Trends in trade union development*

On 1 February 2006, five Slovenian public sector trade unions founded KSJS. The five unions comprised: the Education, Science and Culture Trade Union of Slovenia ([Sindikat vzgoje, izobraževanja, znanosti in kulture Slovenije](#), [SVIZ](#)), the Trade Union of Health and Social Services of Slovenia ([Sindikat zdravstva in socialnega varstva Slovenije](#), [SZSVS](#)), the Police Trade Union of Slovenia ([Policijski sindikat Slovenije](#), [PSS](#)), the Nursing Workers' Trade Union of Slovenia ([Sindikat delavcev v zdravstveni negi Slovenije](#), [SDZNS](#)) and the Independent Trade Union of Workers at the University of Ljubljana ([Neodvisni sindikat delavcev Ljubljanske univerze](#), [NSDLU](#)). With 81,000 members, KSJS is now the second largest trade union confederation ([SI06030191](#)).

## **Employer organisations**

### *Employer organisation density*

Up until 2006, two employer organisations, the Chamber of Commerce and Industry of Slovenia ([Gospodarska zbornica Slovenije](#), [GZS](#)) and the Chamber of Craft and Small Businesses of Slovenia ([Obrtno-podjetniška zbornica Slovenije](#), [OZS](#)), represented 100% of entrepreneurs due to compulsory membership. With the new legislation adopted in 2006, membership of chambers of commerce and industry is voluntary for companies ([SI06060191](#)); thus, in the last two years, the density rate of employer organisations has decreased.

Based on 2008 figures, all member companies of employer organisations in Slovenia employ 80%–90% of private sector employees. The total density rate is expected to decline in the near future to 63%–73%. If the density rate declines further, in a few years it could fall below the required density threshold of over 50% that is necessary for the [extension of collective agreements](#). This would have serious consequences for [collective agreements](#) ([SI08090391](#)).

### *Main employer organisations*

Currently, there are five employer organisations in Slovenia:

- GZS;
- Association of Employers of Slovenia ([Združenje delodajalcev Slovenije](#), [ZDS](#));
- Slovenian Chamber of Commerce ([Trgovinska zbornica Slovenije](#), [TZS](#));
- OZS;
- Association of Employers for Crafts Activities of Slovenia ([Združenje delodajalcev obrtnih dejavnosti Slovenije](#), [ZDODS](#)).

### *Trends in employer organisation development*

Since the introduction of voluntary membership, according to the Law on Chambers of Commerce and Industry (2006), two forms of employer representation have emerged: 'pure'

employer organisations, which specialise in representing interests related to the labour market and industrial relations; and ‘dual’ associations, such as chambers of commerce and industry, which combine the representation of labour market interests and product market interests.

OZS will soon cease to function as an employer organisation due to its compulsory membership. The transitional period of three years during which the chamber was allowed to conclude collective agreements expired in April 2009.

The new employer organisation, TZS, organising companies in the commerce sector, was set up on 17 November 2006. Its members generate over 20% of Slovenia’s total turnover and over 60% of the total turnover of the sector. With the consent of all signatories, TZS acceded to the new Collective Agreement for the Retail Sector on 15 December 2006.

## **Industrial relations**

### **Collective bargaining**

#### *Bargaining on pay and working time*

The wage system in the private sector is regulated by sectoral collective agreements and the CAMPA, which covers about 40,000 mainly private sector workers who are not covered by a relevant sectoral collective agreement. The CAMPA also details the pay adjustments that apply, as well as the bonuses for **night work**, **overtime**, work on Sundays and annual leave.

The wage system in the public sector is regulated by the Law on the Pay System in the Public Sector, which came into force in July 2005 and the Collective Agreement for the Public Sector, which came into effect in July 2007. The latter presents a basic framework for sectoral collective agreements, which is necessary for executing the new pay system in the public sector.

According to the legislation, a full working week consists of 40 hours. Deviations are possible due to various reasons, such as the extent, nature and seasonal character of work that people perform.

#### *Coverage rate and legal parameters*

Slovenia’s coverage rate of collective agreements used to be 100%, but due to changes in legislation that introduced free collective bargaining, the coverage rate in 2007 was 96% ([www.worker-participation.eu](http://www.worker-participation.eu)).

Collective agreements in the private sector in Slovenia used to be legally binding, but the new Law on Collective Agreements, adopted by the Slovenian parliament on 4 March 2006, introduces free and voluntary collective bargaining (**SI06040291**). In the public sector, several provisions of the new Law on the Pay System in the Public Sector from 2005 require implementation through collective agreements, thus having the effect of making such agreements compulsory.

#### *Extension of collective agreements*

A collective agreement for one or more sectoral branches can be extended by the minister responsible for labour at the request of one of the parties to the collective agreement. The minister decides on the extension of part or all of the collective agreement if it was signed by one or more representative trade union organisations and one or more representative employer organisations

representing more than half of the workers employed in the companies that would be affected by the extension.

Regarding the pay provision, the employer and company trade union may agree in writing on a lower amount than that set by the CAMPA for a maximum period of six months, if this contributes to the preservation of jobs. Moreover, the employer and company trade union may agree to prolong this measure.

### *Wage bargaining coordination*

Wage bargaining at sectoral level in the private sector is coordinated between representative sectoral trade unions and representative employer organisations. At intersectoral level, the main actors in the private sector are seven representative trade union confederations and four representative employer organisations. In the public sector, the main actors are representatives of the Ministry of Public Administration ([Ministrstvo za javno upravo](#), [MJU](#)) and representative trade unions for the public sector.

### *Trend towards decentralisation*

Collective bargaining in Slovenia in the private sector is becoming more decentralised. Collective agreements apply at all three levels – national, sectoral and company level. However, with the voluntary principle, collective agreements are no longer legally binding. In June 2006, the employers and trade unions concluded the CAMPA for the first time without government participation. In the public sector, collective bargaining remains centralised.

### **Other issues in collective agreements**

The Social Agreement for 2007–2009 includes provisions on [gender equality](#), [equal opportunities](#) and respect for diversity, [work-life balance](#), worker participation in management and [corporate social responsibility](#). Some collective agreements – for banks and savings banks – include provisions relating to psychological [harassment in the workplace](#). In November 2004, ZSSS proposed the conclusion of a national collective agreement on stress ([SI0501204F](#)).

The Social Agreement for 2007–2009 also includes provisions in relation to improved quality of education and the promotion of [lifelong learning](#).

### *Debate on gender pay gap*

The discussion on the gender pay gap has only recently entered the public debate; the topic appears in public policy documents, such as National Action Plans (NAPs) on employment, and the social partners – mainly trade unions – have started to put it on their agendas. In 2007, ZSSS organised a workshop with experts from the Statistical Office of the Republic of Slovenia ([Statistični urad Republike Slovenije](#), [SURS](#)). The participants tried to identify the factors causing the gender pay gap.

### **Industrial conflict**

#### *Frequency of strikes*

At present, no reliable official data are available on strike action in Slovenia. According to the ZSSS representative, the number of strikes in individual companies has declined in recent years. In 2005, 14 strikes took place in individual companies with ZSSS members; in 2006, there were seven strikes and in 2007 only one strike was organised.

On 17 November 2007, after the failure of negotiations with employers about changes to the CAMPA, all six private sector trade union confederations – ZSSS, KNSS, KSS Pergam, Konfederacija '90, Alternativa and Solidarnost – organised a mass rally in the capital city of Ljubljana ([SI07090191](#)). When no further agreement was signed, a general warning strike in the private sector went ahead on 12 March 2008. It was the third such strike in Slovenia's history and about 165,000 workers took part. In April 2008, the [European Trade Union Confederation \(ETUC\)](#) and its Slovenian member organisation, ZSSS, organised a European demonstration in Ljubljana for better pay ([SI08040191](#)).

### *Sectors involved and reasons for collective action*

All sectors of economic activity were involved in the general strikes. The six private sector trade union confederations organised the general strikes in 2007 and 2008; public sector trade unions, representing pensioners and students, and many other groups also participated. Trade union confederations demanded better pay, a fairer distribution of company profits in light of strong GDP growth, pay adjustments due to high inflation levels and living costs, and the conclusion of the CAMPA 2008–2009 in the private sector. As noted, on 30 May 2008, social partners in the private sector finally signed the CAMPA for 2008 and 2009.

### **Tripartite concertation**

Slovenia's central body for tripartite cooperation is the ESSS ([SI0207103F](#)), established in 1994. At present, the employers and government have seven representatives each on the ESSS, while the trade unions have eight representatives. Since each side of the three partners has only one vote regardless of the number of their representatives on the ESSS, it is not essential for each side to have the same number of representatives.

The field of activity of the ESSS is limited and mainly pertains to industrial relations, [working conditions](#), labour legislation, social rights and employment policy, as well as other broader economic and social issues concerning the interests of workers and their families, employers' interests and government policy.

### **Workplace representation**

#### *Trade unions*

Employees at workplaces in Slovenia are represented by trade unions and works councils. The core function of trade unions or shop stewards is the protection of the rights and interests of workers, as well as negotiation and consultation. The main issues that they deal with are [pay](#), [working time](#), working conditions and [dismissals](#). In order to represent employees on economic and social protection issues and to participate on a company's management board, trade unions must be representative. A trade union is representative at company level if the membership represents at least 15% of workers employed in the company. About 60%–70% of companies have trade unions or shop stewards.

#### *Works councils*

The primary function of works councils is joint consultation, information and cooperation in the decision-making process. The main issues that they address are working conditions, leave, dismissals, [health and safety](#) at work, [discrimination](#) and the protection of young workers. A works council can be set up in companies with more than 20 employees, while in case of fewer than 20 employees, a workers' delegate has the same rights and obligations. The incidence of



works councils and workers' delegates in companies with fewer than 50 employees is 20%, in companies with 50–249 employees it is 30% and in companies with more than 250 employees the proportion is about 75%.

### *Legal framework*

Provisions on the activity of trade unions or shop stewards, their number and their protection are defined by the Law on Labour Relations, while [representativeness](#) is regulated by the Law on Representativeness of Trade Unions. Provisions on the activity, composition and protection of works councils are regulated by the Law on Worker Participation in Management.

### **Employee rights**

The Labour Inspectorate of the Republic of Slovenia ([Inšpektorat Republike Slovenije za delo, IRSD](#)) is authorised to monitor whether all social partners are respecting the regulations of collective agreements and to ensure the enforcement of employee rights. In 2007, the IRSD published a report on its work, warning the public about the increase in labour law violations with regard to the [employment relationship](#).

## **Pay and working time developments**

### **Minimum wage**

Slovenia has had a form of statutory minimum wage since 1995, whereby tripartite agreements on increases in the minimum wage were subsequently implemented by law. On 26 October 2006, the parliament adopted the new Law on the Determination of the Minimum Wage ([SI06080191](#)), and in March 2008 the parliament adopted the changes to the law increasing the gross monthly minimum wage by €28 to €566.53 as of 1 March.

The law stipulates that the minimum wage be increased annually on 1 August, in line with forecast rises in consumer prices, which the government adopts as a framework for preparing the national budget. The amount of the minimum wage is established on the basis of this forecast and after the Ministry of Labour, Family and Social Affairs ([Ministrstvo za delo, družino in socialne zadeve, MDDSZ](#)) consults with the social partners.

### **Pay developments**

Gross annual earnings increased in Slovenia during 2004–2007. According to Eurostat data, average gross annual earnings reached €15,439 in 2007. Average monthly labour costs rose by 3.5% in 2005 and by 6.3% in 2007, reaching €1,871 in 2007.

Collectively agreed basic pay in the public sector increased by 1.3% on 1 August 2006 and by 3.2% on 1 August 2007. In the private sector, basic pay was raised by an average of 2% on 1 July 2006 and by an average of 2.5% on 1 July 2007.

### *Gender pay gap*

According to data for 2005, women's monthly wage was 93.1% of men's monthly wage for the private and public sector together ([SI0808019Q](#)). Data for 2007 show no major difference in relation to the gender pay gap, with the average monthly gross earnings of women standing at 7% less than men's earnings (SORS, 2008b).



## Working time

### *Statutory weekly working time*

The Law on Labour Relations sets a full-time working week at 40 hours. According to Article 142, the statute and/or a collective agreement may stipulate a working time shorter or longer than 40 hours a week; however, full working hours shall not be shorter than 36 hours a week nor exceed 56 hours a week. Collective agreements do not deviate from the statutory maximum time of 40 hours.

### *Working time in collective bargaining*

On 24 December 2008, the government adopted a bill allowing it to subsidise wages in companies that are reducing the working week to cope with dwindling order books. A shorter working week has been announced in a number of companies, including the caravan and mobile home manufacturer [Adria Mobil](#), the carseat covers and protective gloves manufacturer [Prevent Global](#), the industrial parts manufacturer [Kolektor](#), the steel company [Acroni](#), which is part of the Slovenian steel group [SIJ](#), and the foundries [MLM](#), [Unitech](#) and [Gorenje](#).

### *Actual weekly working hours*

According to data from SORS (2008a), the average usual working hours of persons in employment in 2007 were 40.2 hours, while actual weekly working hours were 35.8 hours. On average, men worked more usual working hours than women did (41.3 hours compared with 39 hours) and more actual weekly working hours (37.6 hours compared with 33.6 hours). Actual weekly working hours have not changed much in comparison with data from 2006, when persons in employment usually worked 40.2 hours and actually worked 35.7 hours.

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