



**SOUTH EAST
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ACSEE

AUTOCLUSTERS

Automotive network for innovation

**SOCIAL DIALOGUE
IN AUTOMOTIVE SECTOR
IN SOUTH EAST EUROPE**



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SOUTH EAST EUROPE TRANSNATIONAL COOPERATION PROGRAMME

AUTOCLUSTERS PROJECT
WP 7.1

**„The international cooperative network of educational and research institution
with subcontractors and other bodies active in Automotive Industry”
SEE/A/594/1.2/X**

**SUMMARY OF SOCIAL DIALOGUE
IN AUTOMOTIVE SECTOR
IN SOUTH EAST EUROPE**

**Written by ISMO.
on behalf of Comunimpresa soc. Consortile a RL**

Milan, January 2012

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| Project Partner responsible for this paper | Comunimpres soc. Consortile a RL Via Roma, 2 – 20020 Arese (Mi) – Italy comunimpres@tiscali.it |
| Contributors | <p>Stefan Milchev – <i>Technical University of Gabrovo, Bulgaria</i></p> <p>Roumiana Lafchieva – <i>Technical University of Gabrovo, Bulgaria</i></p> <p>Nikolay Madzharov – <i>Technical University of Gabrovo, Bulgaria</i></p> <p>Márta Regner - <i>West-Pannon Regional Development Company, Hungary</i></p> <p>Anita Antal - <i>West-Pannon Regional Development Company, Hungary</i></p> <p>Károly Illés - <i>West-Pannon Regional Development Company, Hungary</i></p> <p>Erna Vágusz – <i>Vágusz Innovation and Project management Office, Hungary</i></p> <p>Carmen Hutu - <i>"Gheorghe Asachi" Technical University of Iasi, Romania</i></p> <p>Cristiana Istrate - <i>"Gheorghe Asachi" Technical University of Iasi, Romania</i></p> <p>Cristian-Gyozo Haba - <i>"Gheorghe Asachi" Technical University of Iasi, Romania</i></p> <p>Mario Turner – <i>MBA, Slovakia</i></p> <p>Milos Cambal – <i>Slovak Technical University, Slovakia</i></p> <p>Dagmar Caganova – <i>Slovak Technical University, Slovakia</i></p> <p>Zdenka Gyurak Babelova – <i>Slovak Technical University, Slovakia</i></p> <p>Jana Sujanova – <i>Slovak Technical University, Slovakia</i></p> <p>Jaroslav Holecek – <i>Slovak Technical University, Slovakia</i></p> <p>Lubica Cerna – <i>Slovak Technical University, Slovakia</i></p> <p>Lubomir Jahnotek – <i>Slovak Technical University, Slovakia</i></p> <p>Slavka Janosikova – <i>Slovak Technical University, Slovakia</i></p> <p>Tina Iglicar – <i>Automotive Cluster of Slovenia, Slovenia</i></p> <p>Bogdan Ivanovič, - <i>SKEI, Trade Union of Metal and electrical Industry, Slovenia</i></p> <p>Mag. Tatjana Pajnikhar, - <i>ZDS, The Association of Employers of Slovenia</i></p> <p>Tomaž Savšek – <i>TPV, Car and seat component producer, large company, Slovenia</i></p> |

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1. DEFINITION OF THE SCOPE OF RESEARCH: SOCIAL DIALOGUE THROUGH INDUSTRIAL RELATIONS

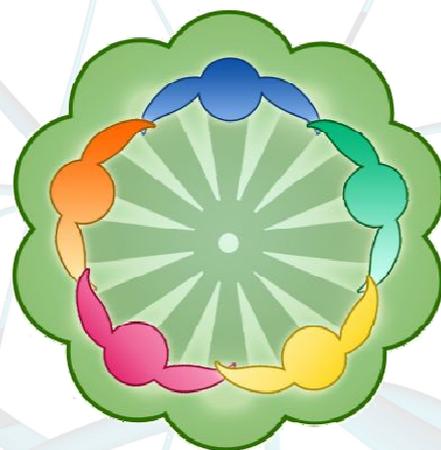
The general objective of the research is to realize a comparative study on social dialogue through Industrial Relations with a special focus on automotive sector in partners' countries, using different methods: literature analysis, interviews, focus groups, and a case histories.

Introducing the research it should be stated why social dialogue is a major issue, and why it is a major issue to be related in particular industrial relations in automotive sector.

1.1 WHY SOCIAL DIALOGUE

Social dialogue is seen as a basic tool to face the change in EU. Successful economies in the 21st century will not be possible without a modern system of labour relations and efficient strategies for managing change pro-actively. To underpin the implementation of the Lisbon agenda, the spring 2004 European Council calls on Member States to build partnerships for change involving the social partners, civil society and the public authorities in accordance with national traditions.

Social dialogue is consistent with the efforts made to improve European *governance*: more interaction between the European institutions, national governments, regional and local authorities and civil society, of which the social partners form part. The social partners, with the active support of the European Commission, have laid the foundations for the European social dialogue, and both its tripartite and bipartite dimensions - including all actors on the scene - have developed in a dynamic and innovative way.



Social dialogue: interactions

In recent years the social partners have wished to pursue a more autonomous dialogue and are adopting a diverse array of initiatives, including an increasing number of 'new generation' joint texts, characterised by the fact that they are to be followed-up by the social partners themselves. It requires greater interaction between the different levels of industrial relations, including effective industrial relations systems and social partner capacities at national level.

Enlargement of the EU has reinforced the need for social dialogue and partnership. Enlargement creates new opportunities for EU economies and enterprises, but major adjustments are still necessary, particularly in the economies of the new Member States. Partnership will therefore be of particular importance to managing the impact of continuing restructuring in those Countries. However, the enlargement of the EU also presents a challenge for the European social dialogue. Moreover, the question of the technical capacity of the social partners is of high importance in this context.

In a world of rapid change and high mobility of capital and technology, the quality of human resources is the key factor for international competitiveness. Those fundamental transformations are changing the way Europe works, the employment profile and traditional thinking about how EU labour markets function.

Enterprises are having to respond to structural change, reassess the skills they need and how production in general and work processes in particular should be organised. The challenge ahead is to improve quality in work with a view to positively managing all dimensions of change - economic, social and environmental - in order to ensure sustainable development and social cohesion. This can only be achieved by mobilising and developing the full potential of both the present and future labour force.

Companies have had to be prepared to be innovative in their approaches to recruitment, employment and training. This applies not only to large enterprises; SMEs too need to understand not the advantages or disadvantages of training, but the perils of missing the opportunities that are open to an SME with a well trained workforce.

In this scenario of complex and rapid changes social dialogue is an absolute priority.

1.2 WHY SOCIAL THROUGH INDUSTRIAL RELATIONS IN AUTOMOTIVE SECTOR

Social dialogue is a unique and indispensable component of the European social model, with a clearly defined basis in the EC Treaty. It refers to the discussions, consultations, negotiations and joint actions undertaken by the social partner organisations representing the two sides of industry (management and labour).

There is extensive literature on social dialogue. Broadly, social dialogue has been defined as a “process by which the representatives of employers, workers and government exchange information and views, consult, negotiate and reach agreements on issues of concern to them” (Kenworthy and Kittel, 2003).

At European level, social dialogue takes two main forms - a bipartite dialogue between the European employers and trade union organisations, and a tripartite dialogue involving interaction between the social partners and the public authorities.

European social dialogue has produced a variety of results, including the adoption of over 300 joint texts by the European social partners. Combining the values of responsibility, solidarity and participation, European social dialogue complements the national practices of social dialogue which exist in most Member States.

Furthermore, it is the essential means by which the social partners assist in the definition of European social standards, and play a vital role in the governance of the Union. European-level social dialogue has received strong institutional recognition in the EC Treaty and in the conclusions to a number of key European Council meetings, notably those in Laeken and Barcelona.

There are numerous mechanisms for social dialogue, including associational structure, wage setting arrangements, participation in public policy and firm-level employee representation. Social dialogue is regarded as central to contributing to good governance, comprising notions of exchange of information, consultation and negotiation between representatives of governments, employers and workers.

Studying social dialogue in automotive sector primarily involves studying industrial relations for several reasons:

- Automotive is an industrial sector: traditionally relations between workers/trade unions and employers/companies are the main lever for social dialogue

- Although there are big differences between countries, IR are relevant in all countries. That give the possibility to realize a comparative analysis
- IR's have real effects (ex. Wages, contracts...): this helps to avoid rhetoric about social dialogue that sometimes occurs.

2. BUILDING A COMMON METHODOLOGY TO STUDY INDUSTRIAL RELATIONS

2.1 ACTORS

The Autoclusters project is co-funded by South East Europe Programme and European Union funds.

The Project brings together Universities, R&D institutions, SME support facilities from EU-15, NMS as well as IPA to prepare and create the first automotive network in South East Europe. The second level clustering activities proposed by the project are strictly oriented on the activities, which are improving the innovation capacities in the region and improve technology and know-how transfer - improving the innovation circle.

WP 7 has involved the following country partners:

- Bulgaria
- Hungary
- Italy
- Romania
- Slovakia
- Slovenia



Study area

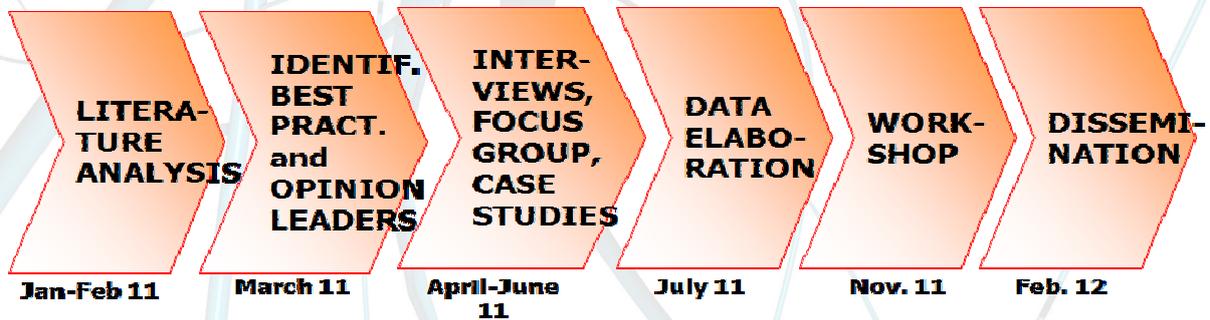
Each partner has developed the research in his country using a common methodology. The research has been realized with the support of external experts from ISMO srl, an HR

consultancy and training company based in Milan (Italy), born in 1972, with 60 professional (consultants, professors, temporary managers, researchers, ...). Its mission is to contribute to build, develop and maintain within the company's organization an integrated and consistent social system, able to learn and cooperate to reach its goals. ISMO is therefore able to coordinate a research that is focused on participation from a twofold point of view: the purpose of building a common methodology between the partners and the object of the research itself.

2.2 METHODOLOGY: LITERATURE ANALYSIS; FOCUS GROUPS; INTERVIEWS...

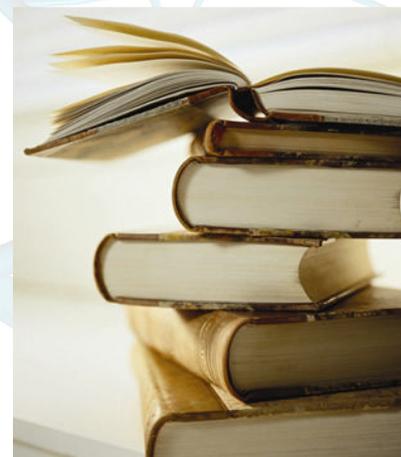
The research aims to realize *a multidisciplinary analysis based on involvement of partners, network and main local stakeholders.*

The phases for the research implementation are presented in the following figure and detailed below:



LITERATURE ANALYSIS

The following table includes the fundamental topics that have been studied with the documentation submitted by each country partner. In addition the industrial relations profile of each country on the Web Site of the European Industrial Relations Observatory (<http://www.eurofound.europa.eu/eiro/index.htm>) has been used.



List of topics:

| | |
|---|--|
| Background | Economic context of country / region |
| | State, trends and perspectives of automotive sector |
| Industrial relations framework | Legal context |
| | Evolution in last years |
| | Level of collective bargaining (National-sectoral-territorial-company level) |
| | Wage-setting system (regulation of salary; minimum wage?) |
| Actors of industrial relations (general, automotive sector) | Trade Unions <ul style="list-style-type: none"> • Level of union membership (density: how many employees are members of trade unions) • Number of representative central trade unions • Main trade union organizations (main features) • ... |
| | Employers' organizations <ul style="list-style-type: none"> • Level of membership • Number of representative central employers organizations • Main employer's organizations (main features) • ... |
| | Role of government intervention |
| | Other actors |
| | |
| Recession | Impacts on economy and labour market |

| | |
|----------------|--|
| | Measures/responses: <ul style="list-style-type: none"> • Reorganization without significant job losses (es. Reduction in working times, temporary cost-cutting measures...) • Restructuring with job losses • ... |
| | Government support measures |
| | Impacts on industrial relations (level of conflicts...) |
| | Main issues in collective bargaining |
| Best practices | Description |

INTERVIEWS

Face to face individual interviews are a qualitative research tool, that has been carried out using a semi-structured questionnaire. Interviews (as focus groups) has involved experts, like Trade Union and employers' organizations representatives, professors, HR managers... with a knowledge of Industrial relations in each country, possibly in automotive sector.



The questionnaire is the following:

With special focus on the automotive industry...

1. The state of industrial relations and collective bargaining in your country

A. Describe the framework of industrial relations in your country:

a. Background: legal and institutional context, main changes in recent years

- b. Main actors in industrial relations: unions, employers' associations, state agencies, other actors ...
- c. Level of collective bargaining (national, regional, company level ...)
- B. What is your opinion about this picture?
- C. Describe the framework of collective bargaining in your country:
 - a. Wages
 - b. Working time
 - c. Work organization
 - d. Trade union rights
 - e. Health and safety
 - f. Welfare, benefits, pension plans
 - g. Training
 - h.
- D. What is your opinion about this picture?
- E. Describe the level and the kind of participation in Industrial Relations and collective bargaining of workers, companies and other actors / stakeholders
- F. What is your opinion about this picture?
- 2. What are the 3 most important issues related to industrial relations in your country?**
 - a. Why are they important
 - b. Actors involved and their role
 - c. What developments do you think these issues could have in the future?
 - d. What considerations can be done about the relationship between these issues and the topic of social dialogue?

3. What are the 3 most important issues related to collective bargaining in your country?

- e. What kind of main issues are the Industrial relations actors bargaining?
- f. In what way?
- g. What is the level of conflict about these issues?

4. What are the major innovations coming up in industrial relations?

- h. Where are the most relevant innovations and innovative approaches in industrial relations?
- i. What aspects are these innovations related to?

5. What are the impacts of globalization and internationalization on industrial relations?

6. What about the impact of the economic crisis on industrial relations?

- j. Main changes in Industrial relations during the economic crisis
- k. Do you think the situation will change in the future? How?

7. Most important perspectives for the future in industrial relations in your country, regarding the following aspects:

- l. Actors
- m. Relations
- n. Contents of collective bargaining
- o. Aspects related to the international perspective

8. Presentation and analysis of best practices

FOCUS GROUPS

Focus group is a qualitative research tool based on group discussion about some key issues. The discussion is led by a facilitator. The focus groups' objective, in this project, is to collect information and points of view about industrial relations and social dialogue in partner's country, with specific focus on automotive sector. The output achieved through the focus groups is a short report for each meeting with the main outcomes of the discussion, used for the comparative analysis within the network.



In particular focus group method has been chosen because it is appropriate to bring out the most relevant aspects about a topic, though a group discussion where there is room to talk and personal beliefs and opinions can be put together. This facilitates the statement of a general framework about the topic and the key elements, by the participants.

The scheme used for conducting the interviews is not very different from the scheme for the focus group (because the objective is the same) but, while for the interviews it has been used as a list of questions, for the focus groups it has been used as a list of *inputs* for an open discussion between the participants:

With special focus on the automotive industry...

1. **The state and evolution of industrial relations and collective bargaining in your country**
 - a. How could you describe the framework of industrial relations in your country (legal and institutional context, main actors involved...)
 - b. What are the most important issues in industrial relations today, and why?
 - c. What are the main changes in recent years?
 - d. What is your idea about the situation?
 - e. How could you describe the framework of collective bargaining in your country

(wages, working time, work organization, trade union rights, health and safety, welfare, security benefits, pensions, training...)

- f. What are the most important issues in collective bargaining today, and why?
- g. What is your idea about the situation?
- h. How could you describe the level and the kind of participation in Industrial Relations and collective bargaining of workers, companies and other potential actors / stakeholders
- i. What is your idea about the situation?

2. Key issues

- a. What are the most important relations among the issues previously discussed? Is it possible to identify the links between these, to present in a simple way the situation of industrial relations and collective bargaining in your country to someone that doesn't know anything about it?
- b. What effects can the international relations and events have on industrial relations?
- c. How is industrial relations connected to social dialogue?
- d. What are the most important perspectives for the future in industrial relations?

3. Best practices and innovative approaches to face industrial relation problems

- a. Let us know some case histories
- b. Innovations and innovative approaches in these cases
- c. What do you think is needed to generate innovation in industrial relations?

BEST PRACTICES AND CASE HISTORIES

Each country has provided some best practices and brief case histories, to compose a heterogeneous cross country repertoire of the most important experiences of social dialogue through Industrial Relations.

2.3 KEY FIGURES

The key figures about the research are the following.

- 6 reports about the Industrial relations of the country drawn and submitted by the partners (Italy; Slovakia; Bulgaria; Hungary; Romania; Slovenia), plus other related documents (see attachment nr.1)
- 15 interviews realized with experts in automotive sector
- 6 focus group (one for each country) with overall 29 participants
- 6 case histories (one for each country) plus some best practices

The research has activated the partners on the theme of Industrial relations and has involved a large number of expert through the partners' countries.

3. RESULTS

3.1 THE FRAMEWORK OF INDUSTRIAL RELATIONS IN PARTNERS' COUNTRIES (LITERATURE ANALYSIS)

The literature analysis has provided a description of the framework of industrial relations in partners' countries based on the standard list of topics presented in par.2.2.

In the following paragraphs we present the case of each country, introduced by a table with background information



1. BULGARIA

ECONOMIC CONTEXT

| Bulgaria | | EU27 |
|--|----------------------------------|----------------|
| GDP per capita (in purchasing power standards, Index: EU27=100) | 37.3 (2007) 38.5 (2008) | 100 |
| Real GDP growth (% change on previous year) (Annual average 2004–2007) | 6.3% (2004–2007) | 2.63% |
| Inflation rate (Annual average 2004–2007) | 6.8% (2004–2007) 12.0% (2008) | 2.18% |
| Average monthly labour costs (in €) | €280.20 (2007) | €2,981 (2005) |
| Gross annual earnings (in €) | €2,626 (2007) | €28,992 (2005) |
| Gender pay gap (Difference between average earnings of male and female employees as percentage of earnings of male employees (2007)) | 12.7% | n.a. |
| Employment rate (15–64 years) (2007) | 61.7% | 65.4% |
| Female employment rate (15–64 years) (2007) | 57.6% | 58.3% |
| Unemployment rate (15–64 years) (2007) | 6.9% | 7.1% |
| Monthly minimum wage (in €) | €92 (2007) €112.50 (2008) | n.a. |

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

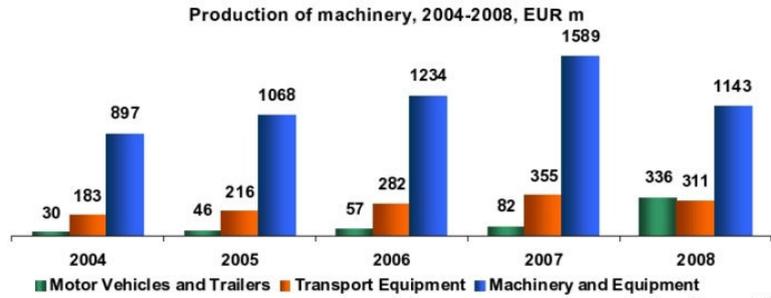
STATE, TRENDS AND PERSPECTIVES OF AUTOMOTIVE SECTOR

BULGARIA: AUTOMOTIVE PARTS MANUFACTURE FACTSHEET

InvestBulgaria Agency – March 2010

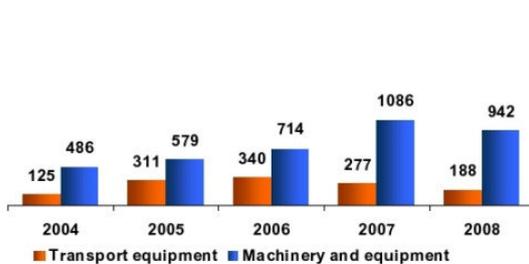
Market review

- One of the fastest growing sectors in Bulgaria
- Flexibility is a basic feature of the sector due to predominance of small and medium-sized enterprises
- Excellent combination of strong engineering skills and low-cost production
- Cost effective small batch manufacturing
- Strong after-market products across a wide range of parts
- Component manufacturers are active in producing high precision and endurance components for various European customers

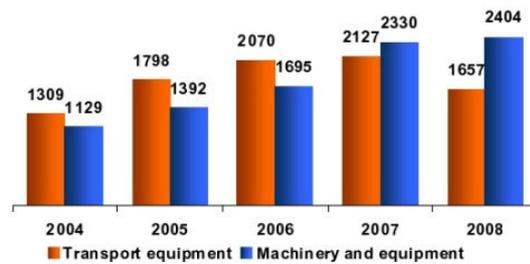


Export and Import

Export of machinery & transport equipment, 2004-2008, EUR m

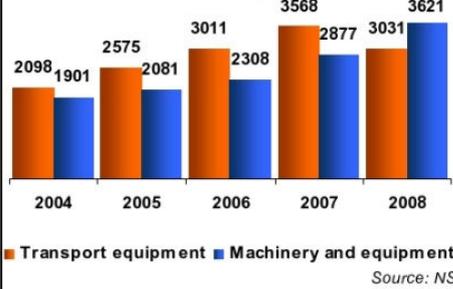


Import of machinery & transport equipment, 2004-2008, EUR m



Labour cost

Annual average wages in manufacturing, 2004-2008, EUR



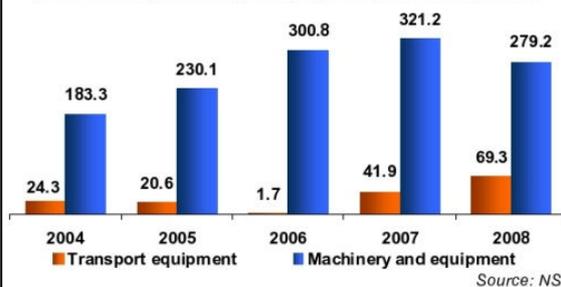
Main players in the sector, 2009

| Company name | Position | Tentative monthly salaries in electrical and mechanical engineering and electronics, large cities, EUR, 2009 | |
|-------------------------|--------------------|--|------------|
| | | Gross salary | Total cost |
| Montupe - France | Low-skilled worker | 250 | 295 |
| Yazaki - Japan | Skilled worker | 400 | 472 |
| Epiq - Belgium | Engineer | 500 - 600 | 590 - 709 |
| Melexis - Belgium | Test Engineer | 600 - 750 | 709 - 886 |
| Johnndon Controls - USA | | | |
| ixetic - Germany | | | |
| Monbat - Bulgaria | | | |
| Grammer - Germany | | | |

Source: company info
 Note: In Sofia salaries are 20 to 25 % higher

FDI in the sector

FDI machinery & transport equipment, 2004-2008, USD m



Case study

Yazaki Bulgaria EOOD
 part of Yazaki Corporation Japan

World leading producer for wire harnesses and other components for the automotive industry. The corporation is active in other branches like air-conditioners, electronic devices for cars, etc. It has plants in 39 countries and the number of all employees all over the world is around 200 000.

Yazaki enter in Bulgaria 2007
 Greenfield investment in Yambol – class B investment certificate 2007
 Size of investment – EUR 23 mln
 Start of production – 2008
 Products – Electrical wire harnesses
 Employees – 3 700
 Built-up area – 24,250 sq.m
 Total area – 50,000 sq.m



InvestBulgaria Agency
 31, Aksakov Str.
 1000 Sofia, Bulgaria
 E-mail: iba@investbg.government.bg
 Web: www.investbg.government.bg



LEGAL CONTEXT

The actors in social dialogue in Bulgaria are the state, trade unions, employer organizations.

The state participates in tripartite cooperation through their bodies and representatives - Ministerial Council, Ministries and ministers, governors, mayors and municipality representatives. The role of the state is regulated and the role of employer. It discusses not only the topics in tripartite cooperation but also take the final decisions.

EVOLUTION IN LAST YEARS

Industrial relations in the post-socialist countries have many important things in common, such as, in particular, the predominance of decentralised wage bargaining. Currently, industrial disputes are rare, particularly in the private sector; as a result of economic development in the region.

Industrial relations include the interaction between employers and employees. The state also intervenes in this area as it sets the legal framework within which employers and employees operate, often regulates social pacts, and is the employer of public-sector.

Between 30% and 35% of employees are covered by collective bargaining in Bulgaria. Bargaining takes place at both industry and company level (municipal level for municipal employees) but company level bargaining has become more important. i

Tripartite bodies at national level were established in the 1990s with weak employers' organizations. The National Council of Industrial Managers in Bulgaria (NCIMB), representing state-owned enterprises, was set up with trade union support, whereas other employers' associations did not take part in the tripartite consultation. This led to a predominance of the state and trade unions. In 1993, the Bulgarian tripartite body was created; organizations that participate in the tripartite system are usually consulted, but also take part in the decision-making. The government must discuss the issues with them, but has no obligation to accept the partners' opinions.

LEVEL OF COLLECTIVE BARGAINING (NATIONAL-SECTORAL-TERRITORIAL-COMPANY LEVEL)

The legislation (Labor code) provides for collective bargaining at following levels: national, branch level, company level and municipal level. At the national level the social dialogue is

realized by National Council for tripartite Cooperation, established in 1993. Participants in the National Council for Tripartite Cooperation reached agreement on the greater part of the proposals, which are divided into several groups. At branch level there is Branch Council for tripartite Cooperation. At municipal level there are Councils for social Cooperation .

In practice, the key focus for bargaining is at company level. This is because many companies, particularly larger ones, are reluctant to take part to industry level agreements, despite the efforts being made by the government and unions to increase their importance. In addition, the key terms of some industry level agreements do no more than restate existing legislation, especially in industries facing economic difficulties. The typical bargaining structure is therefore two-tier, combining an industry level agreement providing a basic framework with a company/organisation level agreement setting out the key details.

TRADE UNIONS

There are two largest trade unions in Bulgaria - CONFEDERATION OF INDEPENDENT TRADE UNIONS CITUB and Confederation of Labour Podkrepa - CL Podkrepa.

On the 26 November 2004 the Government recognised Promiana as nationally representative organisation. Pursuant to the Labour Code requirements a nationally representative trade union status may be awarded only to a trade union with at least 50,000 members and established shops in more than half of the branches and municipalities.

CITUB has almost 400 000 members, united in nearly 7000 member organizations in 35 branch federations. There are 31 regional coordinating councils and 140 municipal coordinating councils. CL Podkrepa has 150.000 members, united in 24 federations. There are local organizations in 34 districts in Bulgaria.

EMPLOYERS' ORGANIZATIONS

Representative Organizations of the Employers are founded according article 34 of Labor Code.

There are six organizations in Bulgaria:

- Bulgarian Industrial Association (BIA)
- Bulgarian Chamber of Commerce and Industry (BCCI)
- Confederation of Employers and Industrialists in Bulgaria (CEIBG)

- Bulgarian Industrial Capital Association (BICA)
- the Union for Private Economic Enterprise (UPEE)
- the Bulgarian Industrial Capital Association (BICA).

IMPACTS ON ECONOMY AND LABOUR MARKET OF THE ECONOMIC CRISIS

The Bulgarian economy is recovering due to strong external demand, while domestic demand is still lagging behind. These are the findings of new edition of the regular economic report of the World Bank EU10 at the end of November 18, 2010 in Warsaw.
<http://econ.bg/news/article191407.html>

GOVERNMENT SUPPORT MEASURES

Law on scientific research promotion shall govern the principles and mechanisms of implementing the State policy aimed at scientific research promotion in the Republic of Bulgaria.

Law for Small and Medium-sized Enterprises regulates the social relations associated with the implementation of the state policy promoting the establishment and development of small and medium-sized enterprises.

Investment Promotion Act (IPA): Faster administrative services; Personalized administrative services for implementation of the investment project; Sale or establishing against consideration of limited real rights on private state or municipal property, without a tender or an auction on market or lower than market prices;; Financial aid for construction of physical infrastructure elements; Financial aid for training for attainment of professional qualification by the hired staff; Opportunities for other forms of state aid, institutional support, public-private partnerships or joint-ventures – for investment projects of high priority; Different types of transactions between the investor and a legal entity established for the purposes of construction and development of industrial zones.

Employment Promotion Act regulates social relations upon promotion and support of employment, vocational information and consultation and the vocational training of unemployed and employed persons.

2. HUNGARY



ECONOMIC CONTEXT

| Hungary | | EU27 |
|---|---------------|-------------------|
| GDP per capita (in purchasing power standards, Index: EU27=100, 2007) | 62.6 | 100 |
| Real GDP growth (% change on previous year) (Annual average 2004–2007) | 3.3% | 2.63% |
| Inflation rate (Annual average 2004–2007) | 5.55% | 2.18% |
| Average monthly labour costs (in €) | €1,055 (2007) | €2,981 (2005) |
| Gross annual earnings (in €) | €8,952 (2007) | €28,992 (2005) |
| Gender pay gap (Difference between average earnings of male and female employees as percentage of earnings of male employees) | 16.3% (2007) | n.a. |
| Employment rate (15–64 years) (2007) | 57.3% | 65.4% |
| Female employment rate (15–64 years) (2007) | 50.9% | 58.3% |
| Unemployment rate (15–64 years) (2007) | 7.9% | 7.1% |

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

STATE, TRENDS AND PERSPECTIVES OF AUTOMOTIVE SECTOR

Hungary has a strong supplier base, with annual sales of around EUR 9 billion. There are over 350 companies manufacturing car components, with 90.000 employees. 70 % of them have audited quality control systems. 94 % of the cars produced in Hungary and 88 % of engines and components are exported. The average wage in the industry is 680 EURO/month, the proportion of foreign companies is 75 %.

The following types of parts are supplied by Hungarian subcontractors: ABS sensors, brake locks, cable harness, clutch disks, controllers, door latches, door limiters, horns, gearboxes and

brake systems for commercial vehicles, ignition switches, instrument panels, high precision injection moulded products, pressed and welded components, technical rubber components, seat covers, seat frames, screen wiper systems, suspension elements, etc.

Ninety per cent of the production and export of the Hungarian Automotive Industry comes from Audi, Opel, Suzuki and Visteon. The exports of Audi, Opel and Suzuki make 17 % of the whole Hungarian exports.

IMPACTS ON ECONOMY AND LABOUR MARKET OF THE ECONOMIC CRISIS

Car makers expansion plans in Hungary will boost foreign direct investment by over \$3 billion. German car producer Audi AG announced it will expand its Győr facility at the cost of €900 million (\$1233 million). GM's Adam Opel AG announced a 500 million (\$685 million) expansion project at its Szentgotthárd plant and Daimler Chrysler announced earlier a €800 million (\$1096 million) investment in Kecskemét. Cars and car parts are a key component of exports and industrial production in Hungary. The recent announcements on foundation and expansion of production sites were a boost to confidence in Hungary at a time when the country cuts its 2011 budget deficit to a European Union required level, below 3 percent of GDP.

The new's flow is seen as very positive for the Hungarian forint. And not only the currency, but the country's gross domestic product and unemployment figures will likely also see a positive effect of the investments.

The developments in the car manufacturing landscape open up new possibilities for small and medium size car parts manufacturers from Europe and the United States.

But the domestic auto industry (at least as far as the number of new cars sold is concerned) has almost completely collapsed

THE FRAMEWORK

Despite efforts by the unions and the government to strengthen bargaining at industry level, the main level of bargaining is company/organisation level, although it is losing out to a situation where no bargaining takes place at all. The national level discussions between unions, employers and government are also very important in setting the framework for bargaining.

Figures from the ministry of social affairs and labour, based on the number of collective agreements registered with it, show that in 2008 there were around 2,300 collective

agreements, directly covering 987,000 employees – equivalent to 36% of all employees, if the four industry agreements which have been extended to cover all the employees in those industries are taken into account. However, figures from the 2004 labour force survey which asked respondents whether their workplace was covered by a collective agreement, produced a much lower figure – only 25% – although half of the respondents said they did not know.

The vast majority of the agreements – 2,826, covering 788,000 employees – were for a single employer. Almost two-thirds of these agreements were for employers in the public sector, although, in terms of the numbers of employees covered, the proportions are reversed. There are only 19 genuine industry level agreements – that is concluded by employers' organisations – and despite efforts by the government to strengthen industry level bargaining, there is no consistent evidence that this is occurring. An industry level agreement was reached for the construction industry in 2005, and another for the private security industry but elsewhere the prevailing attitude of employees has been a reluctance to join employers' organisations or to authorise them to conclude industry agreements.

WHO NEGOTIATES AND WHEN?

Negotiations at both company and industry level are between employers or employers' associations and the unions. The previous government had given works councils (see section on workplace representation) negotiating rights at company level where there were no unions present, but this was reversed by the socialist government in 2002.

To be entitled to negotiate a union must get 10% of the votes in the works council elections. Local agreements can be signed by a coalition of unions in the workplace, provided that together they have the support of at least 50% of the workforce – a measure which encourages the creation of local union coalitions. If a single union has more than 65% support, it can sign the agreements alone.

Agreements typically cover pay, working conditions and procedural issues. However, since 2001 negotiations have concentrated on working time and work organisation because legislative changes have made it possible to have greater flexibility in working time arrangements, provided that it is negotiated.

Although there is a national recommended pay increase, agreed in the tripartite OÉT, unions at company level often find it difficult to implement it, as employers argue that they face particular difficulties. Hungary's national minimum wage is laid down by government decree following an

effective deal between the employers and unions, and a formal tripartite agreement concluded in the national tripartite body the OÉT. L. Fulton (2009) Worker representation

3. ITALY



ECONOMIC CONTEXT

| Italy (2008) | | EU27 |
|---|-------|-------------------|
| GDP per capita (in purchasing power standards, index: EU27=100) | 100.4 | 100 |
| Real GDP growth (% change on previous year) (annual average 2005–2008) | 0.83% | 2.25% |
| Inflation rate (annual average 2005–2008) | 2.48% | 2.60% |
| Average monthly labour costs, in € | n.a. | €2,711 (2006) |
| Gross annual earnings, in € | n.a. | €31,302 (2006) |
| Gender pay gap in unadjusted form (Difference between average earnings of male and female employees as a percentage of earnings of male employees) | 5.1% | 17.6% (2007) |
| Employment rate (15–64 years) | 58.7% | 65.9% (2008) |
| Female employment rate (15–64 years) | 47.2% | 59.1% (2008) |
| Unemployment rate (15–64 years) | 6.8% | 7% (2008) |
| Monthly minimum wage | n.a. | n.a. |

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

LEGAL CONTEXT

Italy traditionally follows a voluntaristic approach in industrial relations: legal institutions are rare and the autonomy of the parties involved in industrial relations is high. Apart from the Workers' Statute (Statuto dei Lavoratori) approved in 1970, which identifies a set of basic individual and trade union rights, and a legal code for strike action in essential public services (approved in 1990 and partially reformed in 2000), there is hardly any legal framework.

Nonetheless, an important source of rules on industrial relations has been a central tripartite agreement reached in 1993, which introduced a new institutional framework for income policy, a restructuring of bargaining procedures, modification of forms of workplace union representation, policies on employment and measures to support the production system. This agreement can be regarded as the first effort to create a systematic framework for workplace-level representation and collective bargaining.

Even if there is no institutionalised tripartism, tripartite agreements have addressed a number of issues, especially in the 1990s, including income policy, pension reform, labour market reform and economic growth. In the 2000s, tripartite negotiations have become less common and, apart from the 2007 social concertation agreement on the welfare system, have seen the split of the trade unions' front with the refusal of the General Confederation of Italian Workers (Confederazione Generale Italiana del Lavoro, Cgil) to sign the agreements of 2002 and of 2009. In particular, the 2009 tripartite accord has introduced an experimental reform of the collective bargaining system, thereby modifying the 1993 rules and abandoning the income policy tripartite framework

LEVEL OF COLLECTIVE BARGAINING (NATIONAL-SECTORAL-TERRITORIAL-COMPANY LEVEL)

- National level = existing level
- Sectoral level = principal level
- Company level = important but not dominant level

WAGE-SETTING SYSTEM (REGULATION OF SALARY; MINIMUM WAGE?)

There is no minimum wage set by law. However, through Article 36 of the Constitution, judges can (and usually do), if required, refer to the minimum wage standards agreed in national collective agreements as the minimum wage to be applied.

TRADE UNIONS

The three major union confederations are:

- Cgil;
- the Italian Confederation of Workers' Trade Unions (Confederazione Italiana Sindacati Lavoratori, Cisl);
- the Union of Italian Workers (Unione Italiana del Lavoro, Uil).

The confederations represent different political orientations. Cgil was mostly linked to the parties of the left (the former communist and socialist parties, which disbanded in the early 1990s, and other leftist parties), and political affiliations are to some extent still important. Cisl was close to the former Christian Democratic Party, which also disbanded in the early 1990s, but also includes members who sympathise with parties of the centre-left and left of the political spectrum. Uil was mainly associated with the non-communist, reformist left (Socialist Party and Republican Party).

In some sectors (school, public administration, transport) autonomous (i.e. non-confederations) trade unions can have a relatively high level of membership. The main autonomous trade unions are the General Union of Workers (Unione Generale del Lavoro, Ugl), close to the right wing parties, the COBAS and "base trade unions", strongly conflicting local trade unions, and the Sindacato Padano (Sin.Pa.), linked with the Lega Nord right wing party.

EMPLOYERS' ORGANIZATIONS

The most important employer confederation is the General Confederation of Italian Industry (Confederazione Generale dell'Industria Italiana, Confindustria). According to Confindustria data, the confederation has 135,000 member companies employing almost five million workers. Confindustria companies come from all industrial sectors, including construction and also some services sectors.

Confindustria acts, on the one hand, on behalf of private employers in their relations with trade unions and, on the other hand, as the employers' national representative for economic and industrial policy issues. It is divided into territorial and sectoral subgroups (103 territorial associations, 22 sectoral federations and 96 trade associations).

Other major employer confederations include the Italian Confederation of Small and Medium-sized Industry (Confederazione Italiana della Piccola e Media Industria, Confapi), which represents smaller private companies. According to Confapi's statistics, it represents some 50,000 companies with about one million workers (as at 31 December 2006).

Artisans have their own associations that were traditionally structured by political orientation – Confartigianato for the centre-right and the National Confederation of Crafts and Small and Medium Enterprises (Confederazione Nazionale dell'Artigianato e della Piccola e Media Impresa, CNA) for the centre-left.

IMPACTS ON ECONOMY AND LABOUR MARKET OF ECONOMIC CRISIS

The global economic crisis which started in 2008 has severely affected the Italian economy. With a view to addressing the impact of the economic downturn, in November 2008, the Italian government issued Decree Law 185/2008 on 'Urgent measures to support families, work, employment and business, and to restructure the National Strategic Framework to combat the crisis'. This 'anti-crisis' package included several economic measures aimed at restoring the national economy, providing support to individuals, companies and banks. The main provisions of this decree were: an extraordinary bonus (only for 2009) to be offered to economically vulnerable persons; the creation of a specific fund for training; an extension of the tax relief on productivity bonuses; increased eligibility for the social shock absorbers (the measures that help to cushion the effects of job losses and restructuring such as unemployment benefits, mobility allowances and wage guarantee funds), with this also being extended to formerly non-covered sectors and employment relations (workers in retail trade and tourism, as well as project workers, temporary agency workers and apprentices); and an easing of the tax burden on companies. This decree also confirmed the government's public commitment through increased investment in infrastructure, the freezing of tariffs on specific essential public services and recapitalisation of banks. In general, the social partners supported and welcomed this

decree. However, both sides of industry suggested that the amount of resources to be allocated may not be sufficient with regard to the extent of the crisis.¹

The main social shock absorber in Italy is the *Cassa Integrazione*, that is a subsidy to employees of companies in crisis. In the last years the use of *Cassa Integrazione* (calculated in working hours) has strongly increased:

| Year | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---------------|---------|---------|---------|---------|---------|-----------|---------|
| Working Hours | 245 mio | 231 mio | 183 mio | 227 mio | 914 mio | 1.203 mio | 953 mio |

Source: INPS database (<http://www.inps.it/webidentity/banchedatistatistiche/cig4/index.jsp>)

MAIN ISSUES IN COLLECTIVE BARGAINING

Two agreements signed at Fiat's Pomigliano and Mirafiori plants in June and December 2010 have started an important transformation phase in industrial relations at the carmaker and triggered a nation-wide debate over the reform of the Italian bargaining system. In late June 2011, these agreements also contributed to the conclusion of an important intersectoral agreement on trade union representativeness and the enforceability of company agreements.

¹ *European Industrial Relations Observatory (EIRO). Italy: Industrial relations profile, Roberto Pedersini, University of Milan.*

4. ROMANIA



ECONOMIC CONTEXT

| Romania | | EU27 |
|---|---------------------|--------|
| GDP per capita (in purchasing power standards, index: EU27=100) | 38.4 | 100 |
| Real GDP growth (% change on previous year) (annual average 2004–2007) | 6.7% | 2.63% |
| Inflation rate (annual average 2004–2007) | 8.04% | 2.18% |
| Average monthly labour costs, in € (2005) | 526.90 (2007) | 2,981 |
| Gross annual earnings, in € (2005) | 4,828.4 0 (2007) | 28,992 |
| Gender pay gap (Difference between average earnings of male and female employees as percentage of earnings of male employees, 2007) | 12.7% | n.a. |
| Employment rate (15–64 years) (2007) | 58.8% | 65.4% |
| Female employment rate (15–64 years) (2007) | 52.8% | 58.3% |
| Unemployment rate (15–64 years) (2007) | 6.4% | 7.1% |
| Monthly minimum wage (2007) | 117 | n.a. |

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

LEGAL CONTEXT

Tripartite social dialogue is governed and conducted in the following structures:

- Economic and Social Council - composed of government representatives, representatives of trade unions and employers' representatives at national level. One of the main tasks of the Economic and Social Council is the approval of all legislative acts with economic and social effects.

- sectoral committees are established and functioning in all ministries made up of representatives of the ministry and representatives of trade unions and employers' representatives at national level.
- a territorial social dialogue. At the level of administrative structures (counties) are territorial social dialogue committees established as part of local government representatives and representatives of organizations representing the social partners

LEVEL OF COLLECTIVE BARGAINING (NATIONAL-SECTORAL-TERRITORIAL-COMPANY LEVEL)

In Romania, the collective bargaining are signed at national, sector (industries and groups of units) and companies units (those with over 21 employees) level. At the negotiations are participating the unions and employers nationally representative at branch or company levels.

TRADE UNIONS

In Romania, the main actors in the social dialogues are:

Union confederations

- National Trade Union Block
- National Confederation of Trade Union "Cartel Alfa"
- National Confederation of Trade Unions of Romania "Brotherhood"
- The Confederation of Democratic Trade Unions in Romania

Trade unions that include workers in the main car manufacturers in Romania are affiliated to the National Trade Union Block (Blocul Național Sindical).

EMPLOYERS' ORGANIZATIONS

Employers' confederations:

- CONPIROM
- National Council of Private Small and Medium Enterprises
- National Council of Employers in Romania

- National Confederation of Romanian Employers
- Employers' Confederation UGIR 1903
- General Union of Industrialists of Romania
- Romanian National Employers
- National Union of Romanian Employers

MEASURES / RESPONSES TO THE ECONOMIC CRISIS

At the end of 2008 Dacia Pitesti plant has passed a difficult period due to dramatic decrease in sales. After negotiations between employers and the Automobile Dacia Union the production was ceased and 9000 employees were laid-off till December 7 and then till beginning of January. Starting with December no fixed-term contract work at Dacia Pitesti was renewed. Under the Collective Bargaining Agreement at Dacia for 2008, laid off employees who remained at home were paid 85% of total gross salaries

IMPACT OF ECONOMIC CRISIS ON INDUSTRIAL RELATIONS

On May 19, 2010 representatives of trade unions participated in a huge meeting in the capital as they were not agreeing with the reduction of all salaries and pensions by 25% to 15%, and the amendment of the Labor Code, measures contained in the letter of intent that the government wanted to send the International Monetary Fund. The rally gathered five confederations - CNSLR Fellowship, Meridian, Cartel Alfa, National Union Block and the Democratic Trade Union Confederation of Romania. The National Union Block was strongly represented at the meeting not only by public but also by private sector employees: 2,000 of the energy and mining, over 3,000 of Post and Telecommunications in the public sector around 2000 and 1000 in the engineering industry, including factories Dacia Renault and Ford Craiova. People working in private sector were aware that they will also be affected by the austerity measures, which some said will only hit the budget employees. They foresee that the whole market will fall, consumption will decline, prices will rise, and will be worse for everyone [7].

Automobile Dacia trade union leadership organized on January 25, 2011, a protest against changes that would be made to the Labor Code, collective labor contract, union law and the law of labor disputes and against fuel price rises, which, according union members, are causing

lower living standards in Romania. Plant employers have agreed to stop production for three hours so that employees of the 1st and 2nd shifts could participate in this action

5. SLOVAKIA



ECONOMIC CONTEXT

| Slovakia | | EU27 |
|---|------------------|---------|
| GDP per capita (in purchasing power standards, index: EU27=100, 2007) | 67 | 100 |
| Real GDP growth (% change on previous year) (annual average 2004–2007) | 7.65% | 2.63% |
| Inflation rate (annual average 2004–2007) | 4.13% | 2.18% |
| Average monthly labour costs, in € (2005) | €927 (2007) | €2,981 |
| Gross annual earnings, in € (2005) | €8,400 (2007) | €28,992 |
| Gender pay gap (Difference between average earnings of male and female employees as percentage of earnings of male employees, 2007) | 23.6% | n.a. |
| Employment rate (15–64 years) (2007) | 60.7% | 65.4% |
| Female employment rate (15–64 years) (2007) | 53% | 58.3% |
| Unemployment rate (15–64 years) (2007) | 11.1% | 7.1% |
| Monthly minimum wage (2008) | | |

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

LEGAL CONTEXT

Tripartism: The purpose of the Act no. 103/2007 from the promotion of an effective social dialogue at national level between the state and employers and employees (hereinafter referred to as "social partners ") through their representatives. State representative for the purposes of

this Act, is the Government of the Slovak Republic. Representatives of employers for the purposes of this Act shall be appointed by representative by Associations of employers. Staff representatives for the purposes of this Act are representative Associations of trade unions. Economic And Social Council of the Slovak Republic is consultation and negotiation authority of the Government and social partners at national level.

Sectoral social dialogue: In order to create more favourable working and employment conditions, employees in various sectors of the economy to conclude collective agreements of higher degree. Higher level collective agreement is concluded for a larger number of employers, between the higher trade union body and organization or employers' organizations.

The Labour Code is the basis for legal regulation of collective industrial relations. Industrial collective relations

LEVEL OF COLLECTIVE BARGAINING (NATIONAL-SECTORAL-TERRITORIAL-COMPANY LEVEL)

In the corporate collective agreements can negotiate claims in the same or greater extent as negotiated in the sectoral Collective Agreement of Higher Level. Commitments, which would be in the corporate collective agreement below the Collective agreement of Higher Level are according to law void.

TRADE UNIONS

Trade union organizations:

- Confederation of Trade Unions - brings together 31 trade unions
- Independent Christian Unions of Slovakia – brings together 3 trade unions
- Independent trade unions registered with the Ministry of Interior on the basis of Act no. 83/1990 of statute.

EMPLOYERS' ORGANIZATIONS

- Federation of Employers' Associations – brings together 24 employers associations
- National Union of Employers - brings together 19 associations and 14 individual members
- Association of Towns and Villages of Slovak Republic

6. SLOVENIA



ECONOMIC CONTEXT

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

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

The heritage of the former economic system (the Yugoslav model of workers' self-management is characterised by a well developed system of representative industrial democracy and social ownership of the means of production) as well as the circumstances of political and economic transition in the 1990s shaped the industrial relations environment that enabled the existing scope and content of social dialogue in Slovenia. Although both trade unions and employer organisations have a long tradition in Slovenia, it could be said that industrial relations started to assume their contemporary form only after the break with the communist regime.

STATE, TRENDS AND PERSPECTIVES OF AUTOMOTIVE SECTOR

Slovenia has a long industrial tradition. From the beginning of the automotive industry at the end of the 19 century, Slovenia has been following its development and has been providing technical and researchable contribution. Gradually Slovenia has strengthened the economic purpose of the automotive industry in the national economy.

The automotive sector in Slovenia today is represented by the production of personal vehicles Renault in company Revoz where 900 Clios Storia and Twingo are produced per day and a well developed automotive suppliers industry with about 95 big, medium-sized and small companies that are followed by over several 100's specialized small companies that they cooperate with. The production of commercial vehicles has been becoming more active and has been gradually spreading its suppliers' network.

The production of personal vehicles represents about 9% of the overall value of goods and services export form Slovenia. The production of component parts or components for automotive industry (and accessories) reaches the value over 1, 5 billion EUR, from that value around 80% is exported, which is close to 10% of Slovenian export of goods and services. Buyers are car producers and system suppliers in EU are (Germany 40%, France 21%, Italy 8%, Austria 6%, England 6%, USA 4%, Spain 3%...). Export of buses and other economy vehicles is around 30 million EUR. Over 140 million EUR represent the export of special tools and machines and investment and supporting services for automotive industry in EU. The whole section of automotive industry, vehicles and production of automotive parts, has directly involved around 27,500 employees, it represents 19% of all export of goods and services of Slovenia and it creates 10% GDP (indirectly more than 100,000 employees). Automotive section is above average in the field of investments, especially in investments into new production technological equipment, which guaranties the quality of vehicles and components and also assures high productivity. The competition due to relatively high labour force price (salary and other obligations that employers have) in comparison with the competition in Central and Eastern Europe (Czech Republic, Hungary, Poland, Slovakia) is achieved by Slovenian automotive and automotive component parts' producers by using high technology, innovation and labor force quality. Investments into "soft factors", are particularly high especially investments into training and extra qualifications of the employees (learning companies), into motivation of the employees and into efficient organization and managing quality.

Numerous producers of automotive components have already obtained global certificates ISO TS 16949. Before that, they already had, because of their export intensity, VDA 6.1, EAQF and QS 9000. Big investments are also meant for the welfare of the environment, in accordance with

strict EU regulations that Slovenia obeys; therefore numerous companies in automotive section have already acquired environment certificates ISO 14001.

ACTORS OF INDUSTRIAL RELATIONS (GENERAL, AUTOMOTIVE SECTOR)

There are four main trade union associations in Slovenia: the Union of Free Trade Unions of Slovenia (*Zveza svobodnih sindikatov Slovenije, ZSSS*), KNSS-Independence, Confederation of New Trade Unions of Slovenia (*KNSSNeodvisnost, Konfederacija novih sindikatov Slovenije, KNSS*), the Confederation of Trade Unions of Slovenia Pergam (*Konfederacija sindikatov Slovenije Pergam, Pergam*), and the Confederation of Trade Unions '90 of Slovenia (*Konfederacija sindikatov '90 Slovenije, Konfederacija '90*).

The Union of Free Trade Unions of Slovenia (ZSSS) is the largest trade union organisation. ZSSS is a reformed organisation, a successor of the Slovene section of the former Yugoslav trade union. Changes in the organisational structure in the 1990s involved the decentralisation of decision-making within the umbrella organisation that gave sectoral trade unions an independent role in the confederal organisation. ZSSS consists of 22 member unions that are organised at sectoral, regional and professional principles. Approximately 60% of members of ZSSS are employed in industry (metal, chemical, food and textile), 30% in services (retail, hotels and restaurants) and 10% in the public sector.

KNSS - Independence, Confederation of New Trade Unions of Slovenia (KNSS) was in the mid 1990s the second largest union organisation, representing 10% of all trade union members, but changes since then mean that KNSS no

European Foundation for the Improvement of Living and Working Conditions, 2006 longer holds that position. KNSS is a trade union organisation set up since the change of regime. KNSS consists of 10 member unions that are organised on the sectoral, regional and professional principles. Most of the membership is in industry.

The Confederation of Trade Unions of Slovenia Pergam (Pergam) started as a trade union with membership mainly in the pulp/paper and printing industries, but it increased the scope

and number of members in other sectors (especially in the public sector). It was created following secession from ZSSS. Pergam consists of eight member unions that are organised on the sectoral, regional and professional principles.

The Confederation of Trade Unions '90 of Slovenia (Konfederacija '90) is the trade union that has majority of members in the coastal region. It was also created following secession from ZSSS in 1991. Konfederacija '90 consists of 22 member unions that are organised at sectoral, regional and professional principles. Approximately a half of members are employed in industry and the other half in services. Four main trade union confederations have their representatives at the ESS (ZSSS have two representatives and others one each). Besides these four organisations, there are another two confederations, which are not represented in the ESS: Alternative and Solidarity that were established at the end of 1990s. Besides the mentioned confederations there exists a larger group of strong and autonomous, mainly white-collar trade unions, in particular in the public social services sector (healthcare, education etc), transport and banking. The public sector trade unions do not have a representative on the ESS. They have organised a Coordination of Public Sector Trade Unions, which is not a formalised trade union organisation and serves only for the coordination of negotiations at the national multisectoral level. Because only confederations can have representatives on the ESS, this coordinating structure does not have a representative, though a representative is always invited to participate at ESS sessions (Skledar, 2002b). There are also four main employers' associations in Slovenia: the Chamber of Commerce and Industry of Slovenia (*Gospodarska zbornica Slovenije, GZS*), the Slovenian Employers Association (*Združenje delodajalcev Slovenije, ZDS*), the Chamber of Crafts of Slovenia (*Obrtna zbornica Slovenije, OZS*), the Association of Employers for Craft Activities of Slovenia (*Združenje delodajalcev obrtnih dejavnosti Slovenije, ZDODS*).

The Chamber of Commerce and Industry of Slovenia (GZS) has obligatory membership. At the beginning of the period of socio-economic transition, GZS was the only organisation representing employers and enterprises and in this role had an important function that enabled social dialogue. In 2004 it had 64,000 members.

The Slovenian Employers' Association (ZDS) was founded on 22 February 1994, following the advice of the ILO and the International Organisation of Employers (IOE). At the beginning of

1997, it had 1,618 member enterprises, which employed around 60% of private sector labour force and represented 49% of overall company equity. In 2004 it had 1,200 members.

The Chamber of Crafts of Slovenia (OZS) also has obligatory membership. It represents independent craft workers and small and medium enterprises. In 2004 it had almost 47,000 members. The majority of members are in transport, construction and personal services (such as hairdressers, dress-makers and cosmetics).

The Association of Employers for Craft Activities of Slovenia (ZDODS) was established following the example of GZS's establishment of ZDS on 23 June 1994. At the beginning of 1997, it had 2,730 members and in 2004 2,950 members, mainly in manufacturing, construction and transport.

GZS and ZDS have two representatives each in the ESS, OZS has one representative, while ZDODS is not yet formally represented in the ESSS, but it is involved in its work.

RECESSION

The social partners in the private sector in the year 2008 concluded the intersectoral Collective Agreement on the Pay Adjustment Method, the Refund of Work-related Expenses and the Annual Leave Bonus (Abbr. CAMPA). Article 6 stated 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.

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.

MAIN ISSUES IN COLLECTIVE BARGAINING

The present collective bargaining structure in Slovenia is highly centralised and inclusive. There are three levels of collective agreements in Slovenia: general agreements (for private and public sector); sectoral agreements and agreements for certain professions (e.g. doctors and journalists); and agreements at the level of company (except for micro employers – up to 10 employees). The two general agreements are the result of the bargaining of the main trade union confederations, the main employers' organisations (two chambers and two associations) and the government for the public sector. The sectoral agreements are negotiated by sectoral trade union organisations and corresponding employers' associations (Stanojevic, 2001).

As of January 2004, 38 agreements were registered at the Ministry of Labour, Family and Social Affairs. The general private sector collective agreement was first registered in 1990 and the general collective agreement for the public sector (mostly public services) was first registered in 1991. Two of the registered agreements concern individual occupations:

the collective agreement for professional journalists, first registered in 1991; and the collective agreement for doctors and dentists, first registered in 1994. The remaining 34 collective agreements are sectoral or subsectoral. Five of them are in the public sector and 29 in the private sector. (Skledar, 2004a).

Unlike many other countries in EU (both old and new members) the bargaining coverage rate in Slovenia is high. Almost the total labour force is 'covered' by the provisions of collective agreements. The only two categories of employees that are not covered by collective agreements in Slovenia are managers (who have individual contracts) and higher administrative employees in the state administration and the administration of municipalities. (Skledar, 2003).

A shift towards the partial decentralisation of collective bargaining is currently a prospect, and it is expected that the general collective agreement as it exists now for the private sector will lose significance, while sectoral collective agreements will gain importance and become the cornerstones of the system. The ZSSS was actively pursuing this scenario, while the employers' organisations, and particularly the GZS want to retain the centralised bargaining structure, with the General Collective Agreement defining the minimum wage standards. (Skledar, 2003) On the question of the future trends of collective bargaining levels the respondents reflected the current ongoing debate on the future of the general collective agreement and the trend of decentralisation of collective bargaining. Some decentralisation and an increase in the importance of the sectoral collective bargaining is expected by the majority of the respondents. Those who support the existence of the general collective agreement (GZS, OZS, ZDODS, Pergam, Konfederacija 90, KNSS) see it as a necessary instrument to define minimal standards acceptable

for all social partners (above the level defined by the Law on Labour Relations) and useful especially for parts of the economy that are not covered by sectoral collective agreements. Our respondents agreed that present general collective agreement must be changed and updated. They also agreed (even those who are not in favor of a general collective agreement) that wage policy would continue to be the subject of social dialogue at national level. Also, the decentralisation of collective bargaining implies that bipartite collective bargaining at sectoral level will gain importance.

3.2 INTERPRETATIONS FROM INTERVIEWS AND FOCUS GROUPS

The opinions and views collected through interviews and focus groups made it possible to interpret the state of industrial relations described above, and to identify some important issues and perspectives. In the next section these are presented for each country focusing on three paragraphs: state of industrial relations; issues and problem faced about industrial relations and collective bargaining; solutions, perspectives, strategies.

1. BULGARIA



STATE OF INDUSTRIAL RELATIONS

Before 1989 social dialogue was a pro forma. In the 90' the weakness of employers' organizations lead to a predominance of state and trade unions, now the tripartite system is more equilibrate. European membership is seen as a big opportunity also for Industrial Relations, but much has still to be done. Wages are low if compared with other European countries and workers' participation to trade unions has to be encouraged. There can be no effective social dialogue without strong, independent and capable partners.

Labour administrations, workers' organizations and employers' organizations should be equipped with the capacity to participate fully in social dialogue.

Legislation provides for collective bargaining at three levels: industry level, company level and municipal level – where the terms and conditions of municipal employees are negotiated. In practice, the key focus for bargaining is at company level. This is because many companies, particularly larger ones, are reluctant to be party to industry level agreements, despite the

efforts being made by the government and unions to increase their importance. In addition, the key terms of some industry level agreements do no more than restate existing legislation, especially in industries facing economic difficulties. The typical bargaining structure is therefore two-tier, combining an industry level agreement providing a basic framework with a company level agreement setting out the key details.

An important tool for the evolution of Industrial relations is the *National round table for national labour standards introduction*. Now Bulgaria has a minimum wage which is set by the government after consultation with employers and unions in the national tripartite council.

After the economic crisis wage flexibility has become a major argument in the debate.

ISSUES ABOUT IR'S AND COLLECTIVE BARGAINING; PROBLEMS FACED

Issues about IR's are related to a context rapidly changing in the last years, also depending on global labor market opportunities and EU membership where new approaches are emerging:

- Labor is less and less considered only a commodity, motivation of workers is becoming more and more a key issue, and it is not considered only a matter of money.
- Conflict is not only about wages: actors of IR are bring bargaining to a higher level, and a win-win approach is developing
- Pluralism is also developing, and IRs are adopting the perspective of multiple competing groups each with valid interests
- Recognition of mutual interests is spreading

As seen before, there are still many problems, but the state of IR is quickly evolving.

SOLUTIONS, PERSPECTIVES, STRATEGIES

Bulgarian industrial relations need to state clearer processes of collective bargaining:

- Determinate phases of the process, that means preparing negotiations, defining positions, interchange of written demands, negotiations, record the results and implementation of the agreement.
- Having clear instruments and methods for communication.
- Create more trust to the social partners

The major innovations in IR are coming from taking advantage of the international best practices.

Another innovation is the emphasis recently given to the theme of workers motivation, and the need of a proper “management of motivation” by the companies.

In general is important to enhance the involvement of the employees on *how* to work together: share information, analyze problems e search for solutions. That means workers participation in management, i.e. in the decision-making process.

2. HUNGARY



STATE OF INDUSTRIAL RELATIONS

In national level two main institution are working: the National Three-cornered Forum (OÉT) for the collective bargaining between the National Government – Representatives of Employees – Representatives of Employers by the law since 1992 furthermore a National Economic and Social Council (GSZT) for the partnership discussion for the macro-economic and social strategic planning and programming by the Resolution of National Government since 2004. The new elected government wants to integrate the two institutions proposed a new regulation to the Parliament in May 2011 using the Austrian and Bulgarian models. In the regional level the law on regional policy requires since 1996 a horizontal and vertical partnership in the programming – planning – implementation phases of regional development strategies. In micro-economic level the law on job since 1992 gave a framework for the local discussion between the employers and employees (mainly the trade unions or collective councils of employees), which are obligatory in the recent situation described by the law. The law allowed for the certain partners in every factories and workplaces above 100 employees to accept a self-regulation on the employees rights in the frame by the law, which could be used for the application by the employees to the court of justice.

In case of SMEs (about up to 100 persons), employees can get in contact with decision-makers influencing their situation only through their managers. In case of big companies, trade unions represent the interests of employees before employers, forming work councils. In case of giant

companies, they can be strong enough to draw the national media's attention to themselves, which is one of the best ways of representation and enforcement of interests in Hungary today...

However, the participation of employees is limited to the topic of direct employee interests in these companies as well and includes neither the company strategy nor other industrial relations.

Generally Hungarian system of Industrial relations is comparable the European experiences.

ISSUES ABOUT IR'S AND COLLECTIVE BARGAINING; PROBLEMS FACED

The validity time of knowledge in automotive sector is short, because technologies are changing rapidly. Therefore it is very important for the industry to have close cooperation between knowledge-suppliers, - distributors and -users. In the region there is a university dealing with traffic, automotive, mechatronics, manufacturing and development with specialization in electro-mobility. There is a vehicle development cluster and lot of manufacturers as well.

Actors of automotive sectors are centralized, decisions made in HQs of companies, in a different country or continent. Therefore new strategic relations cannot be decided on a local level. Employers' associations are weak and the participation of workers is quite low. Other actors like chambers of industry and commerce also lost on importance as no membership is compulsory. Nevertheless the intensity of conflict can be relevant.

Industrial relations are affected by the difficulty to develop in SMEs (which are the greatest number in Hungary) and the strength of big multinational players where social dialogue is difficult as other actors are too weak compared to companies.

Main issues in collective bargaining are wages, working time and CSR.

SOLUTIONS, PERSPECTIVES, STRATEGIES

Industrial clusters are seen as important innovations. These are appropriate umbrella organizations helping the start of common projects, collaborations, development cooperations.

New actors could be the other stakeholders, as like as NGOs, Local Municipalities.

The segment of education is strong in Hungary and it can be considered a player in Industrial Relations.

In the recent years, one of the most important changes could be noticed in the relation of the industry and higher education. Both actors changed attitudes significantly, and they initiated dialogue with each other. Education, which has recognized that market conditions affect higher education more and more, tries to meet the requirements of big companies (although it's still in initial stage). Multinational companies became the organizing power of education, with faculties, departments, institutes delegated inside the universities' walls. The model is almost the same in case of every multinational companies in the Hungarian automotive industry; all of them ensure young talents and employees in this way. The process has intensified in places, where properly qualified mediators promotes cooperation between the two spheres. Efficient, well-organized communication systems play a more and more significant role between the two actors. These systems include the development of the recruitment process as well.

3. ITALY



STATE OF INDUSTRIAL RELATIONS

The first point that characterizes the system of industrial relations is the strong informality. Of course there are rules and there is a contract and, though the non-application of the rules does not lead to significant penalties. One consequence is that the IRs are dependent on the social and political environment of the country (e.g if government in power is left-wing or right –wing).

The second point is the trade union pluralism of trade unions and employers associations. The bigger unions are divided: CGIL on one side and on the other CISL and UIL. The first reason for this is the relationship with political parties. Employers associations are pulverized in many different organizations. It is difficult to see the usefulness of this approach in terms of interests representing. Also in this case the reason is ideological.

In general a key to understanding Italy's IRs is the tight relationship between functional interests and political interests.

From the 90s tripartism has taken a considerable importance.

The most important level of collective agreements is the national/sectoral, while the company level collective bargaining affects not more than the 40% of companies, and it is not diffused in SMEs, which are the majority in the Italian companies. CGIL is strongly in favor of the national

agreements and CISL in favor of the company level. As we will see this has major impacts in collective bargaining in automotive sector in the latest two years.

About participation of workers to trade unions, the Italian trade union is the largest organization in Italy: 5.5 mio in CGIL, 4.5 mio in CISL, 2 mio in IUL. We can't say there's a crisis of unions regards number of unionized workers, the current crisis regards quality of participation, instead. This affects the quality of social dialogue, especially at company level.

The conflict is marginal today, the strike is rarely used especially in the manufacturing sector. It strikes are in the service sectors (transport and school). The unions say to be antagonistic, while making many agreements.

ISSUES ABOUT IRs AND COLLECTIVE BARGAINING; PROBLEMS FACED

In general wages and working time are considered the most important. Not enough attention is paid to issues as training and additional social benefits and welfare.

About automotive, in Italy most of the automotive sector is constituted by Fiat, which is having enormous changes during this period.

Today there is about 30% of products in more than the market requires.

90% of the products is carried out by 10 groups. The threshold for each group is 6 million cars produced, and Fiat is below this threshold.

The margins are very low. That's why the approach has changed over the past 3 years: from acquisitive negotiation to defensive negotiation (focused on workplaces preservation).

Fiat is innovating to stay in the market, asking for more flexibility and more capacity to adapt production to market needs. The major change is the adoption of new organization of work (WCM World Class Manufacturing), that brought dramatic conflicts with CGIL union and a new model of managing IRs. Finally Fiat got out of Confindustria, the main Italian employers' association, with impacts on the whole IRs system that still have to be discovered. The fundamental aspects are a never seen before practice in managing relations between companies and unions, an excessive attention by CGIL about details of the new organization together with a lack of attention by all unions about the matter of participation. CGIL union promotes a vision of bargaining based on conflict (acquisitive), while CISL union has a defensive strategy, in this moment of crisis. CIGL's point of view is that CISL is destroying the framework for bargaining also for the future.

In analyzing the dynamics of industrial relations a lack of dialogue with and within companies is evident. During a period of uncertainty like the present, when no one has easy solutions for the future dialogue should be improved, as a value and not as a constraint to development.

There is a positive connection between dialogue/participation and the possibility of doing business, especially through innovation and quality. Companies are asking to the workers creativity, autonomy, capacity to take risk. In the exchange between workers and companies dialogue and participation is therefore fundamental, as well as the role of unions. Automobili Lamborghini offers a bright example of a kind of approach radically different from the one chosen by Fiat.

SOLUTIONS, PERSPECTIVES, STRATEGIES

Some possible solutions pointed out by experts interviewed to have more effective IRs are:

- Enhance formalization of industrial relations
- Join trade unions and employers' associations
- Increased use of an experimental approach in IR issues. Often the lack of innovation is caused by the concern that experimentations became stable (e.g. the variable pay should be flexible, but it ends to be considered a stable part of base salary).
- Pay more attention to innovative issues like the work and life balance, and welfare
- Increase the % of the variable salary: corporate profits should be distributed between capital and labor in a more equally way
- Pay more attention to procedures: there should be specific bargaining about processes (e.g. not only on the contents of agreements, but also about how/who renew these)
- Develop dialogue and refer to the international situation and actors (company and union)
- The model of bargaining has to face the fact that in Italy the most part of companies are SME. This could be both an opportunity, both a threat for company level bargaining
- The role of the public authorities can be very relevant to support small enterprises, especially regarding crisis and failures
- There is still lot to do about workers' participation in work organization



4. ROMANIA

STATE OF INDUSTRIAL RELATIONS

Key figures in the Romanian state of art are:

Reward system:

- Minimum salaries in the automotive industry are paid at the sector rate
- Reward system structure: fixed amount + variable amounts/incentives (“according to objectives achievement) + benefits

Work program:

- 5 days per week / 8 hours per day
- for IT positions, flexible time is available, especially at the beginning of the workday
- also, for IT positions there is the intention to introduce telecommuting

Job evaluation:

- the automotive companies usually perform job evaluation
- they complaint though that often there is no correspondence between the company specific job titles and official (COR/SO) job titles that brings to lower levels of motivation

Safety and health:

- highly regulated, designated structures and staff
- specific training
- EU structural funds for development

Benefits:

- Social security
- Private health insurance for periodical medical tests -> private medical services are used
- Sports events organized for the employees
- Private pension plans are not yet covered by the companies

The major change in industrial relations was the introduction of the new Labour Code and Social Dialogue Act specifically provides flexibility in labor relations for both employers and employees, eliminating the collective contract negotiations at national and branch level.

- The Automotive sector is mainly not unionized, except for the two “giants”, “Dacia” Pitesti and, “eventually” “Ford” Craiova
- Usually, there is an “employee representative” as “liaison” between employees’ and employer’s interests, while HRM reps usually directly represent the business. Often there can be noticed role ambiguity since the same individual may simultaneously be employee, union member and decision maker (manager)
- For the HR managers in non-unionized companies, impartiality is essential in eliminating role duality since they are “first representatives of the business” in relationship with the employee representative, and they also represent the employees “as necessary”
- In non-unionized companies, industrial relations are approached in “all staff meetings” or work groups attended by: employee representative, business representative (could be a HR person), manager, HR specialist, legal specialist
- The automotive industry is nationally represented only by the unions at the two big manufacturers

ISSUES ABOUT IR’S AND COLLECTIVE BARGAINING; PROBLEMS FACED

Salaries/rewards are generally too unattractive: people, specially qualified work force, easily “migrate” to other companies in Romania or abroad, instead to participate to collective bargaining. That bring also to a shortage of qualified work force in Romania and, particularly in the automotive industry.

Qualified work force shortage is also a consequence of the vocational education weakness (also, this is a problem of devaluing “blue collar” occupations), as well as of a continuing lowering quality of higher education graduates. The Romanian socio-economic, political and cultural context leads to lack of communication between the business and the education sector, and of real collaboration between companies and the education system, as well as lack of a real social dialogue at all levels.

The current crisis seems to be a catalyst that negatively reinforces the previously identified issues and creates many others, mainly through its psychological effects. In general there's a Lack of a real social dialogue at national level, mostly because of a lack of implication of the public authorities and of participation of workers in trade unions.

SOLUTIONS, PERSPECTIVES, STRATEGIES

In the opinion of the experts interviewed:

- there is a need for a “better general framework”, better laws “that ought to be also reinforced”, “it doesn't work at the State level”.
- IR culture should be increased at all levels, with an increased cohesion among different levels in order to fight crises induced by fragmentation
- Clusters of “same interest” entities (companies, employees' bodies, universities, schools, etc.) along with new virtual media (social networks) could be innovative answers to the IR/social dialogue current problems
- An enhanced role of the trade unions could be positive for collective bargaining at national level

More communication at all levels could help, e.g. with “workgroups”.

The participants proposed:

- to start local associations of IT companies working in the automotive sector to try preventing “brain drain”: “how do you bring [workforce] from other areas?”
- better communication among companies, universities and the State, i.e. *clusters*
- using new technologies and social networks -> “the virtual union”

5. SLOVAKIA



STATE OF INDUSTRIAL RELATIONS

Collective bargaining as an essential tool in industrial relations, takes place on three levels:

- The highest level is tripartite, whose role is to comment on proposed amendments to laws on industrial relations,
- Medial level is so called sectoral bargaining, which specifies relationships for individual industries and economic sectors, and under the current Labour Code applicable terms and conditions agreed in the "higher collective agreement" are mandatory for whole industry.
- The lowest, but the most precise form of collective bargaining is bargaining for a collective level, in great detail precisely specify labor relations, social and health care of employees in the organization. Collective agreement at company level must be consistent with the tripartite agreements and a higher collective agreement. However, it may contain additional elements and refinements that can not be captured in a higher collective agreement.

The main task for tripartite is to achieve agreement on laws related to industrial relations, not only the Labour Code, but dozens of other laws, mostly economic, which may impact on employment, labor costs and working conditions.

Globalization and internationalization provides closer relationships between countries, but on the other hand is still a big difference in the rates of wages and social and health care. There were attempts within international corporations to create a unite collective agreement. This issue really resonated particularly within the UNO in the second half of the 90 years. Ultimately, the idea was not applied in practice, due to the fact that corporations in this case, were losing interest in expanding into new territories due to labor costs. Ultimately, it would stop the movement of capital and diversify capital within multinational companies, which would be a much bigger problem for the weaker economies and their development as a problem of differentiated collective agreements.

Collective bargaining have its standards and meets the strictest criteria in the international context. Industrial relations are developing, or currently in the process of permanent improvement of relationship between employee and employer. This is due to the fact that the Slovak economy is forming on the standard, market and social conditions only since 1993, and therefore not at all aspects replicates standards of developed economies. The prevision is that this process will take place for several years, maybe another 20, and is not only related to the

development employee and employer positions, but also with the development of economic environment in Slovakia.

ISSUES ABOUT IR'S AND COLLECTIVE BARGAINING; PROBLEMS FACED

The main issues in industrial relations from employers point of view are length of the individual employment contract of limited duration, its repeatability, length of notice, grounds for release, compensation payments, working time flexibility. There will be higher important in future changes in Labour Code and collective bargaining mainly working time flexibility, flexibility of job positions changes, redeployment, definition of minimal average working time per year and creating temporal positive and negative "flexikontos".

In collective bargaining between unions and enterprises is from side of employees (unions), the greatest interest focused on salary increases, 13th and 14th salaries, benefits, days of holydays increase and social care, particularly the rules for using of Social Fund. From employers point of view is paid attention to working time arrangements, flexible working hours in the last time also so-called "flexikonto". Less attention is paid to contracting some possible improvements in the health and safety in collective bargaining; it stays only at level of legal formulation specified in laws and regulations. Level and strength of collective bargaining and collective agreements depends primarily on the strength and level of trade union organizations in companies and organizations. As was said, the tradition of works councils is small and if they are established in the organization, they are usually loyal to the employer. Large power have organizations associated in Trade Union KOVO (OZ KOVO).

SOLUTIONS, PERSPECTIVES, STRATEGIES

The main innovations are mainly in working time flexibility. They results from the need to maintain a stable job by both, employees (high unemployment) as well as employers (high turnover and shortage of skilled and quality work force).

Next there can be seen also movement in a larger focus of compensation system, on achieving results (implementing premium and benefits, enforcing variable wage, dependent on meeting performance indicators, quality, discipline, health and safety, etc.).

The economic crisis has meant a reduced demand, the reduced production, reduced working hours. Companies' managements solved these issues differently. Mostly used solutions were releases due to redundancies. International companies, which are able to appreciate the value

of the workforce, solved this problem by introducing “flexikonto” that eventually came into the Labour Code.

Collective bargaining have the same basic principles for several decades, and massive innovations are hardly to be expected.

6. SLOVENIA



STATE OF INDUSTRIAL RELATIONS

There is too low intensity of enhancement and development of industrial relations in the period of the exit from the economic and financial crisis (these relations should strengthen, not weaken), will be needed to restore confidence in the financial sector to the capacity and capability of industrial firms. The legal basis for strengthening the participatory role of workers' representatives in industrial relations exists, especially at enterprise level and it is a good practice, but unfortunately under-utilized.

Given the period of one of the greatest economic crisis in Slovenia after its independence and the fact that the social partners did not have suitable arrangement of social agreement (as the consequence that the government didn't support it) shows a drop in the level of social dialogue in Slovenia.

Because of the collapse of confidence at the national level, companies are increasingly integrating at the level of industries where they are actually connected through related products or markets (eg automotive industry). More and more powerful is also the cooperation of companies at the regional level in terms of resolving the common infrastructure and staffing problems and the creation of supplier and partner links.

At the present moment collective bargaining between the partners (employers, unions and government) is in stalemate position. The answers of the trade union and employers representatives in the interview and focus group make it clear.

ISSUES ABOUT IR'S AND COLLECTIVE BARGAINING; PROBLEMS FACED

In the interviews, on the trade union representative's side the main issues are: sustainable social, economic and environmental development and the development of participation of employees and their representatives. Wages, welfare and working conditions are the topics to be addressed to achieve these aims.

On the employer's side: employment, pensions, taxes and charges. In the short term that means to bargain about working hours and rates.

The HR manager interviewed focuses on development perspectives, related to investments, but also to training

SOLUTIONS, PERSPECTIVES, STRATEGIES

Strengthening the implementation of fundamental human and economic rights of employees in industry, investing in human capital (knowledge, skills of employees), but also innovative business models, enterprise integration in the partnership and establishment of joint ventures to achieve certain common goals: eg. integration of joint development, integration of joint fair appearances abroad, linking the central purchasing functions, etc..

Innovation in IR is seen as a tool to improve the competitiveness of businesses together with personal satisfaction of employees, safe labor flexibility and working time.

In the interviews we find two different perspectives: unions focuses on workers' rights, employers on business development and connections with world economy. No efforts seems to be taken to reconcile these points of view (at least in the focus group discussion).

3.3 REVIEW OF GOOD PRACTICES AND CASE HISTORIES

1. BULGARIA

The case study was conducted in May and June 2011 in Bulgarian service of AMK Drive and Control Technology GmbH.

<http://en.amk-antriebe.de/>

The company was selected because it works in automotive sector and has good working

conditions.

DESCRIPTION AND SHORT HISTORY

Improving the quality of work and working conditions is, however, a new dimension within the European Employment Strategy which previously concentrated on quantitative measures such as increasing employment and reducing unemployment. Creating better jobs and working conditions are key elements of the European social model.

Data collection and analyzing the case should take the following steps:

- Defining the issue(s)
- Analyzing the case data
- Selecting key criteria
- Solutions
- Developing an action plan for the future

According to the International Labour Organization (ILO) and the World Health Organization (WHO), health and safety at work is aimed at the promotion and maintenance of the highest degree of physical, mental and social well-being of workers in all occupations; the prevention among workers of leaving work due to health problems caused by their working conditions; the protection of workers in their employment from risks resulting from factors adverse to health; the placing and maintenance of the worker in an occupational environment adapted to his or her physiological and psychological capabilities; and, to summarize, the adaptation of work to the person and of each person to their job. As a part of industrial relations safe and healthy working conditions are very important.

The study and knowledge of working conditions, interviews with workers and human resources manager can provide information about the problems and establish a suitable strategy for solving them.

Some problems are important, but there is no need to solve them urgent so we have to analyze the case data a select the proper key criteria.

We have analyzed safe and healthy working conditions, traumatism, occupational diseases, risk assessment and the degree of risk elimination, management system of occupational safety and health at work.

We have collected evidences from different sources as documents, archival records, occupational medicines files of the employees , direct observations, participant observation, informal conversations with workers.

As a framework for analysis, the data collected were grouped into following constructs: work organization; continuous improvement; and, health and safety.

The work organization is at high level. All the employees are qualified and good educated. As a part of a German company the discipline is good. The company has a quality management system ISO 9001. Quality management is very important in the AMK company and practiced by every single employee. From work preparation via development and manufacturing up to sales and service. Every employee is aware of his or her role to support the quality of the products and, therefore, the satisfaction of the customer. The AMK plants are certified according to DIN EN ISO 9001: 2008, the automotive area according to ISO/TS 16949:2009.

There are many training programmes for engineers and stuff, individual training and expert workshops. The workers are satisfied with working conditions and wages.

The Bulgarian legislation provide a law for healthy and safety working conditions and there is a General Labour Inspectorate which is monitoring compliance and law enforcement. There are no problems with the contracts and jobs description of the employees.

The analyzed period is characterized by high temperature , but we found that employer took technical and organizational measures for improving working conditions. Technical measures include funding for space cooling and providing fresh air for workers.

The managers know that good working conditions are a base for higher productivity.

However, the relationships between people involved in the social dialogue structures are also important. All agreements and measures taken between the social partners are based on trust and this can take time to build. Once individuals are replaced for any reason there is a risk that

the trust will diminish; therefore, even companies with a tradition of trustful relationships between employee representatives and management risk losing momentum if trust disappears because of a change in the personnel involved. The workers with long work experience and loyalty to the firm, but identified with health problems might be move to lighter work to their retirement.

The employees working by risk conditions could be insured against accidents.

The working women have to work in accordance with their gender. Employers also have certain obligations to ensure the health and safety of pregnant employees. The employer should involve a pregnant women in the process and continue to review the assessment as her pregnancy progresses to see if any adjustments are necessary

These reforms result in increased employability because they enable employees to gain competences and experience with different and more varied work tasks. This requires training as well as experience in a more varied set of work tasks to increase the employees' ability to adapt to new work tasks, production processes and technology.

It is also important to emphasize that building social dialogue structures requires effort, and that social partners must have a solid understanding and a shared goal. When the structure of social dialogue to improve working conditions is functioning and both parts of the industry discover that they provide mutual benefits, the structures regenerate themselves. A positive pattern is created, and it facilitates the improvement of working conditions through social dialogue in other areas than just the ones it was originally set up for.

CONCLUSION

In the case studies conducted in this factory, we focused on the working condition as a part of social dialogue and industrial relation.

The use of external experts is also widely observed in the case study conducted in small and medium enterprises in the automotive sector to help them improve specific working conditions. External experts can enhance social dialogue, evaluate measures taken, and focus on improving working results. External actors can also prove valuable to initiate the social

dialogue process to improve working conditions.

2. HUNGARY



1. Case study: Local council signs agreement with Daimler on training workers for plant (by MTI-ECONEWS).

The Hungarian unit of German car maker Daimler, the local council of Kecskemet and the Bacs-Kiskun County Chamber of Commerce and Industry signed a strategic agreement on improving automotive industry vocational training in December 2010.

The agreement was signed by Mercedes Benz Hungary managing director Frank Klein, mayor of Kecskemet Gabor Zombor and Bacs-Kiskun County Chamber of Commerce and Industry chairman

Jozsef Gaal. Under the agreement, a dual education system¹ - one that combines apprenticeships and vocational training - will be started in two schools in Kecskemet from the autumn of 2011. Training will start in five areas, expected to be in demand at an EUR 800m plant Daimler is building on the outskirts of the city. The programme is expected to turn out about a hundred graduates a year.

Germany's dual education system will be adapted to Hungary's needs, state secretary in charge of employment policy Sandor Czomba said at the signing. Mr Klein said the investment would create at least 10,000 jobs in the long term.

The Daimler plant in Kecskemet will be completed by May 2011. Production will start following trial production at the beginning of 2012. The plant is expected to turn out a hundred thousand compact cars a year.

2. In the city of Győr, Hungary the BMW wanted to reduce the number of employees because of the economic crisis. The local and regional political leaders and experts started new negotiations with the representatives of employees and employers about the alternative job-creation and training for the employees who were planned as discharged to help them for the changing of their life. The National Government helped them to find additional sources for this

project to follow the result of social dialogue. This element nowadays the part of the CSR plans of the certain company, and the special aim of the regulation of National Government on the state aids.

3. Best practices in relation between education and industry are projects, where students can participate in complex competitions that have great practical use and correlate with industrial processes as well as are in connection with them or maybe even react on them.

The presentation of the Hungarian station of a practice-oriented competition series that has several functions – moreover, on a high level.

- One of the most perfect HR recruitment process.
- Participating students are continuously in connection with industrial enterprises which will employ them later.
- In the meantime, they can get to know the company culture of the given enterprise, and the process proves the competency of the parties.
- Students and their professors can participate in a complete project, from planning through financing to arrangement.
- It is multidisciplinary, so it promotes the connection of several fields of science among the departments of a given institution of higher education or among different institutions.
- The added value of the project is significant, it can even have an industrial development feedback as well.

The name of the competition series is Formula Student, which has also traditions in Europe, while in the USA, in its 'mother country', it has been organized for more than 20 years. The specialty of the project is that it was originally generated by the industrial actors and they were who requested the SAE (Society of Automobile Engineers) to be the mentor of this initiative. The event has conquered the world since then and is playing a more and more significant role in the Hungarian higher education. It was 2010, when this competition was organized in Hungary for the first time.

This is an excellent networking and communication platform for the elite students of the world and HR filter for companies at the same time. It is also a great possibility for the institutions of higher education to have closer industrial relations and so giving marketable degree and improving their competitiveness.



3. ITALY

AUTOMOBILI LAMBORGHINI

THE COMPANY

Lamborghini was founded in 1963 by Ferruccio Lamborghini. The founder leaves in the year 1972/73, by this time the company goes through different shareholders, until the acquisition in 1998 by Audi AG (Volkswagen Group).

In the years following the acquisition, Automobili Lamborghini addresses a big process of business transformation to adapt to the increasing complexity of the market, with huge investments: from 1999 to 2008 a total of about 460 million euros.

The production area covers about 100,000.

Lamborghini aims to be more "a great place to work", by promoting a corporate culture focused on quality processes that impact on people, transparency in decision-making and individual motivation, in order to produce value and legitimacy of the identity of each individual.

Currently over 800 employees work at Lamborghini, organized into the following areas:

- Industrial Management: 49%
- Directorate of Research and Development: 23%
- Staff: 10%
- Sales Management: 8%
- Quality Management: 7%
- Purchasing Director: 3%

The company has nearly doubled in population over the last ten years: today is composed of 57% by employees, technicians and managers and 43% by specialized operators.

The average age of employees is about 39 years, with an average stay in the company of about 10 years, 24% have a postgraduate degree or a master's degree and 33% a high school diploma.

The entire value chain of the product is created and developed at the headquarters in Sant'Agata Bolognese, from conception, to technological development and production, to commercialization.

Lamborghini is engaged in various **corporate social responsibility** initiatives. In January 2010, Automobili Lamborghini has received, during the 1st National Forum on Health and Safety in the workplace, a Special Award by the Presidency of the Republic, achieved thanks to

the initiatives aimed at improving working conditions as ergonomics of stations, the introduction of new technologies for prevention and risk analysis in services targeted to the needs of employees and in the development and dissemination of a true culture of safety.

TRAINING COURSES AND DEVELOPMENT FOR EMPLOYEES

To be effective educational interventions in the Automobili Lamborghini are designed and implemented with the people in line and consistent with the organizational culture and business, in order to contribute to the development of the organization by spreading the distinctive skills in a way intergrate with management processes and through the involvement of all stakeholders.

This is so that the training leads to a meeting point between the potential and needs of the individual and the organization, between the individual knowledge and organizational know-how.

INDUSTRIAL RELATIONS

There is an agreement that involves two aspects: recognition and full implementation of the national contract and not the separate contract as almost all automotive companies.

An agreement was made, called a "bill of rights", which sets fundamental behaviors of the company and of trade unions. An approach different from the "forced participation" in Fiat. By dialoguing on the organization of labor and the environment, the sick leave is below 6% among the workers. There are also good conditions for shifts.

Lamborghini is part of Volkswagen group. Industrial relations in Germany include the involvement in decision processes of the union. In Italy the organization of work is widely negotiated.

HR management use legitimation, trust and a transparent approach in the relation with union. This is a model that makes the case Lamborghini exemplary and alternative to the mainstream in the automotive industry, represented by Fiat.

The main changes to industrial relations occurred in the transition from a handmade production (350 cars / year) to industrial production (up to 2600 cars / year).

Lamborghini promotes a model of internal industrial relations based on the goal of continuous improvement. In general terms, the assumption is that listening is an effective strategy, according to a win-win approach.

Instead of saying "what you give me more if I give you more?" (the typical Confindustria approach), what is good in a zero-sum game, cooperation between company and trade union is chosen.

But an excess of alliance is also avoided: the negotiating tables are places where non-destructive conflicting is possible, if needed.

Before the acquisition by the Audi Group (1998) the rules in the internal dialogue between the company and the union were confused and collusive. Since then an effective and formalized dialogue took root.

The company has promoted collaboration between of the union in Lamborghini and the Volkswagen union. The representative of the union participates in Volkswagen European meetings together with the HR manager. It is considered important also by the company that the union are strong enough and credible, to have a real dialogue also in company's interests.

Another important approach is derived from the separation of roles: the union takes care of all workers, the management of single employees is demanded to managers.

In summary, some of the fixed points of the Lamborghini approach to internal industrial relations are:

- real participation and dialogue
- overall sustainability: creating value in the long run
- prevention of conflict
- continuous improvement, even in industrial relations
- promote information sharing

A key step was the review of the company level agreement (year 2007), which governs:

- time keeping
- flexibility
- regulation of shifts
- breaks

There two bilateral commissions on: timing and methods; result achieved (in order to assign productivity bonus). The commission meets every 3 months.

Results are calculated on the basis of the following KPIs:

- Profitability (ROS - returns on sales)
- Productivity (number of cars on number of people involved in production)
- Quality (with simple and visible indicators)

In 2010 a company agreement based on the Volkswagen IR model was signed, in which concerted methods, collaboration, information sharing, ethical principles are stated: a model of collaboration instead of conflict (such as FIAT).

This approach leads to the following

- Team work: role of the non-hierarchical team leader is enhanced, meetings are important and formalized methods to participate in decisions.
- People management: focus on corporate culture, mutual trust and dialogue, attention people evaluation and assessment.

Summarizing:

- A best practice where 95% of workers are member of FIOM, the most conflicting union
- Ability to take advantage of being a part of a multinational company (Audi group) also for IR
- A model of listening and dialogue
- Build effective IR through long term projects
- Effective use of bilateral commissions
- Relevance of Team work and people management

4. ROMANIA



COMPANY STORY

COMPA SA is a Romanian private company in the field of automotive with more than 125 year of activity. COMPA SA is a supplier of automotive part which proved to be a strong partner for some of the most important player in the field.



Fig. 1. COMPA SA facilities

Company products include a wide range of parts among which the most important are:

- injector components
- windscreen wipers components (rivet and pin wiper blades)
- turbo charger components (nozzle ring; central housing; rollers; nozzle ring assy)

- pinions for steering gears, steering gears and columns components
- cold and hot coiled springs
- stamped parts;
- drive shafts and components;
- welded structures;
- header assemblies for air conditioning equipments

PROCESSES

The production is based on latest manufacturing processes in the area such as:

- Intense use of CNC machines
- Finishing of pinion teeth by skiving
- Simultaneous grinding of the 4 pinion surfaces with automatic process control
- Robot - welding
- Laser cutting for metal sheets
- Laser control for tool position and tool wear
- Machines/processes equipped with POKA YOKE
- Washing process for a high cleanness degree
- KTL painting
- Water base painting
- Brazing - local heating with filler material (copper base)
- Gun drilling
- ECM (Electrochemical machining)

CLIENTS

The main clients of COMPA SA are well know actors in the automotive industry from Romania and abroad:

- Dacia Renault

- Delphi
- Ford
- TKBC
- Fuji Kiko
- Jtekt
- Honeywell
- Styria
- Bosch
- Gkn
- Groupe Haulotte
- Daikin
- Schaeffler Group

SHORT HISTORY

The company was first attested in 1886.

An important turn point in the activity of the company was the acquisition of several licenses for MAN truck components

After the change of the regime in 1989 the company started the process of privatization that completely ended in 1999. A number of joints with important companies in the field (Stock, Krupp Bilstein) contributed to the development and establishment of the company as an important actor in the automotive sector.

The company obtained several quality certification (certification of Integrated quality and environment management system according to ISO 9001, ISO/TS 16949 and ISO 14001 by TÜV, Occupational health and safety management systems certification according to OHSAS 18001 BY TÜV) demonstrating company commitment to deliver quality products.

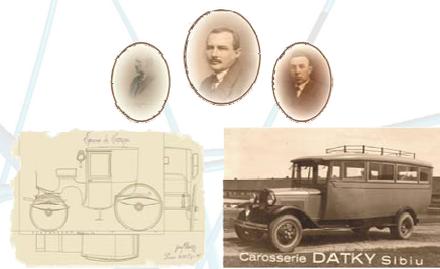


Fig.2. Documents from the beginning of company

ACTUAL DAYS

The main events with significant impact on all economic, social and strategic business SC COMPA produced during 2010 were:

- Achievement of the largest volume of production and the highest level of turnover since its privatization in 1999. Production volume and turnover registered an increase of 63% compared to accomplishments of 2009.
- The share of exports was 87.7% in total production for 2010 delivery;
- Achievement of load supplied with orders and contracts production capacities put into operation in most manufacturing specific products of the company;
- The share of manufacturing new products assimilated in the past four years was over 76% of all manufactured in 2010.
- The production capacities for the injector body - Euro 5 have been expanded as a project partnership with Delphi by the transfer of production lines from Delphi Blois to COMPA SA. The transfer was made without payment by COMPA SA of duty machinery which had a positive influence in the cash flow and indebtedness of the company.
- Investments made in 2010 were worth 2.8mil.euro at the lowest level since 2004. Investments were made only in areas strictly necessary or with impact on turnover growth.
- The level of profitability and liquidity of the company has been improved, debt levels to banks and other credit institutions were significantly reduced with a favorable impact on growth and self-financing capacity.

INDUSTRIAL RELATIONS

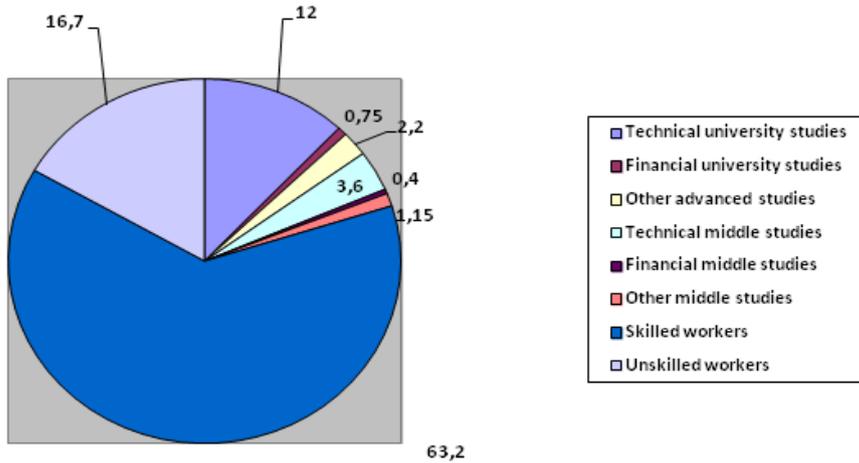
The COMPA SA company's strategy was closely followed also in human resources, with notable changes in 2010.

In times of crisis (2008 and 2009) the number of personnel was adjusted especially by reducing non direct productive and administrative staff.

| | | | | | | | |
|------------------------------|------------------------------|------------------------|--------------------------|--------------------------|----------------------|-----------------|-------------------|
| Technical university studies | Financial university studies | Other advanced studies | Technical middle studies | Financial middle studies | Other middle studies | Skilled workers | Unskilled workers |
|------------------------------|------------------------------|------------------------|--------------------------|--------------------------|----------------------|-----------------|-------------------|

| | | | | | | | |
|--------|-------|-------|-------|-------|-------|--------|--------|
| 12,00% | 0,75% | 2,20% | 3,60% | 0,40% | 1,15% | 63,20% | 16,70% |
|--------|-------|-------|-------|-------|-------|--------|--------|

Total Personnel:1780 (Dec. 2010)



Employees of the compounds are organized in three unions, as follows:

- COMPA Independent Free Union,
- Free Union Arsenal,
- Technical-economic Union.

The degree of syndication is about 90%.

During 2010 only strictly necessary staff was engaged, in those places where orders have increased and only directly productive workers or certain specialists.

If industrial production increased in 2010 by 63%, the average staff number, related to the total staff of 113 persons, increased only by 7.3%. The average number of indirectly productive workers, even in conditions of increased production, decreased from 282 people to 278 people, some of the staff being passed from indirectly to directly productive category.

Synthetic evolution of the number of employees, compared with previous years and staff, assigned to the cost centres (product groups) is presented in table below.

| | TOTAL STAFF | DIRECT PRODUCTIVE WORKERS | NON DIRECT PRODUCTIVE WORKERS | TECHNICAL AND ADMINISTRATIVE |
|--|-------------|---------------------------|-------------------------------|------------------------------|
| | | | | |

| <i>Cost center</i> | '08 | '09 | '10 | '08 | '09 | '10 | '08 | '09 | '10 | '08 | '09 | '10 |
|---|-------------|-------------|-------------|-------------|------------|-------------|------------|------------|------------|------------|------------|------------|
| TOTAL COMPA, of which: | 1840 | 1543 | 1656 | 1151 | 944 | 1042 | 331 | 282 | 278 | 358 | 317 | 336 |
| <i>Gears</i> | 118 | 100 | 88 | 84 | 71 | 59 | 16 | 13 | 13 | 18 | 16 | 16 |
| <i>Windshield wipers</i> | 283 | 278 | 352 | 223 | 213 | 275 | 31 | 31 | 39 | 29 | 34 | 38 |
| <i>W tube tank dumper</i> | 39 | 34 | 27 | 28 | 24 | 19 | 8 | 6 | 4 | 3 | 4 | 4 |
| <i>Components for turbochargers</i> | 373 | 233 | 183 | 231 | 115 | 99 | 96 | 75 | 47 | 46 | 33 | 37 |
| <i>Components conditioning installation</i> | 47 | 50 | 44 | 38 | 38 | 33 | 6 | 5 | 4 | 3 | 7 | 7 |
| <i>Injector body</i> | 103 | 232 | 421 | 56 | 146 | 257 | 32 | 56 | 112 | 15 | 30 | 52 |

Rational use of labor in 2010 was recovered directly in labor productivity growth indices which increased significantly, both compared to 2009 and 2008.

Evolution of very high rate growth of labor productivity during 2010 compared to previous years is presented in the following table.

| Activities | 2008 | 2009 | 2010 | % 2010/ 2009 | % 2010/2008 |
|---|-------------|-------------|-------------|---------------------|--------------------|
| TOTAL COMPA, of which: | 159,448 | 158,245 | 249,437 | 157.6 | 156.4 |
| <i>Gears</i> | 144,169 | 167,320 | 187,284 | 111.9 | 129.9 |
| <i>Windshield wipers</i> | 232,682 | 259,978 | 380,781 | 146.5 | 163.6 |
| <i>W tube tank dumper</i> | 226,795 | 248,765 | 355,074 | 142.7 | 156.6 |
| <i>Components for turbochargers</i> | 250,601 | 196,143 | 378,536 | 193.0 | 151.1 |
| <i>Components conditioning installation</i> | 220,851 | 157,640 | 233,477 | 148.1 | 105.7 |
| <i>Injector body</i> | 280,845 | 286,858 | 328,394 | 114.5 | 116.9 |

RECRUITMENT AND SELECTION POLICY

In the course of 2010 offer regional labor market was clearly higher in all categories of staff,

mainly motivated by the crisis and stop the growth of wage offered by multinational companies.

In 2010 global labor supply increased 4.3 times compared to that of 2009 (ie 2670 request employment in 2010, up from 614 in 2009)

Jobs in the general structure of the offer of 2010 permitted the provision of timely, qualified staff required by the productive sectors. In exceptional situations, for certain positions (chemical engineer, automation engineer, quality assurance engineer), recruitment was more difficult.

The supply of qualified staff in nonspecific COMPA and unqualified jobs represented more than 50% of all bids. However there were no situations in which staff recruitment become an issue.

The phenomenon of dropping the offered job in the recruitment and selection process appeared only in outstanding situations as a result of HR department policy to present in a realistic and anticipative manner the working conditions, wages and promotions offered by the company. As a result of better understanding of the performance/benefits rate and emphasis on quality, it has been noticed a faster integration of new employees at work (ie fewer incidents of inappropriate or non-adequate behavior, fewer violations/disciplinary sanctions).

WAGE AND SOCIAL POLICY

Following negotiations between COMPA management and unions, during 2010 have been granted these wage indexation:

| Indexing | Month |
|-----------------|--------------|
| 2,00% | June |
| 5,00% | November |

Between company management and employees there are reports of collaboration in the Collective Labor Contract limits.

Periodically, there are information between management and employee representatives. Unlike previous years, relations have improved, degree of understanding and communication increased, the two sides participating in joint meetings. As a result, there were no periods of stagnation of the production process due to work conflicts.

HUMAN RESOURCE DEVELOPMENT (BEST PRACTICE)

Human resources policy of the company follows the transformation of the company into an organization that is "continuous learning", the investment in employee training been considered as a "source of value and profit generation."

An excerpt from the Annual Report in 2007 demonstrates the commitment of management team to increase quality of company personnel.

"Together with the management team, we take great pride in the talented staff who are committed to make the best of our capabilities and opportunities. We strongly believe in training and standardization of skills. The system we have developed allows for uniform training standards, which represent the basis for effective rotation of the workforce, if needed. This approach offers the employees the possibility to acquire more skills, and the company is able to increase flexibility in operating the work stations. This qualifies as a win-win situation.

Compa has always considered its team as one of the most valuable assets and year after year the company has undertaken significant efforts to support its people in their professional and personal development. Investment in people is not perceived as a merely mandatory expenditure meant to improve staff motivation and loyalty within the organization, but as a critical condition for securing work satisfaction, excellence, better productivity and increased earnings. Therefore, one of the main components of Compa's human resources policy is to involve all personnel in a well structured process of ongoing training. Every year, each employee benefits from at least one form of training.

We all know that the organizational culture is less visible for employees than it is for those outside the company, or for those who migrate from one company to another.

Therefore, we intend to better communicate the corporate culture, the mission, vision and values we uphold, thus creating the link between vision and day-to-day operations. Shared values transform mere slogans into guidelines."

Costs of training activity in 2010 were approx. 346,031.1 thousand. Strategic guidelines of the training process in 2010 were:

- Promoting lifelong learning



- Efficient management of staff skills
- Formation of a core of tutors to coordinate practical training of internship students and new employees
- Increasing the competitiveness of employees and promote adaptability to organizational change
- Create an organized framework for the development of traineeships
- Rapid integration of new employees.
- Promoting health and safety at work.
- Training of tutors to support training courses for service installations under incidence ISCIR (State Inspection for Control of Boilers, Pressure Vessels and Hoisting)

The objectives of the training process followed:

- Skills development:
 - for programming CNC machine tools.
 - specifically for project managers.
 - specifically for the use of quality tools.
 - specifically for human resources managers and work safety and health (WSH) personnel departments of sales and purchases.
 - professional skills through training courses for: CNC machine tools operators, crane and stacking machine operators.
 - training through courses in the workplace (quality, environment, health and safety).
 - professional skills through training sessions on the client site.
- Increased level of versatility and poly-qualification.
- Annual permit authorization (electricians, crane and stacking machine operators, metrology technicians, painters etc)

PROJECTS FOR HUMAN RESOURCE DEVELOPMENT

During last years, COMPA SA company was involved in several projects aiming at development of company human resources. The projects were financed through European funds.

Projects financed through the Projects co-financed from European Social Fund Operational Programme Human Resources Development 2007-1013

1. Title: Procedures and tools for increasing security and health protection at workplaces through systematic evaluation of compliance with health and safety legislation at work. Project Code: POSDRU/78/3.2/A/47949
2. Title: Developing skills to students through practical strategies at a potential job. Project Code: POSDRU/90/2.1/S/57546
3. Title: Promoting health and safety at work. Improving working conditions in the pressing sector. Project Code: HRD 78/3.2./A/54983
4. Title: Increase competitiveness and productivity of organizations by qualified human resources in the "mechanical technician" sector. Project code: HRD / 80/2.3/58072
5. Title: Increase competitiveness and productivity of organizations by qualified human resources in the "Toolman-Mould" sector. Project code: HRD / 80/2.3/57974
6. Title: Increase competitiveness and productivity of organizations by qualified human resources in the field of "Mechanical repairs" sector. Project code: HRD / 80/2.3/59398
7. Title: Increase competitiveness and productivity of organizations by qualified human resources in the "drilling-threaded" sector. Project code: HRD / 80/2.3/59498
8. Title: Increase competitiveness and productivity of organizations by qualified human resources in the "maintenance and locksmiths repair" sector. Project code: HRD / 80/2.3/59451
9. Title: Increase competitiveness and productivity of organizations by qualified human resources in the "Metrology technician" sector. Project code: HRD / 80/2.3/57719

COMPANY REPRESENTATIVES' DECLARATIONS

Ion Firiza, director of human resources of Compa Sibiu, encourages entrepreneurs to access European funds because they "deserve". "There is excessive bureaucracy, but worth the effort because participation rates (the company that runs the project), for example, in the area of human resources can reach 10-15%, depending on the company," he said. The aid program can be done with a 5% so that what depends on partner (investor) is a relatively small share

compared to what it gets from the project.

The company has been involved so far in Euro in 13 projects with European funds plus one application currently in evaluation. Compa now has an office of four people in charge of management of these projects;

The European funds can be used to make investments, to buy equipment and devices. Another advantage is the aspect of visibility; any company that has ideas and a program can and deserve to access European funds.

EXTENDING HR DEVELOPMENT IN TRANSILVANIA REGION

Based on good results obtained in previous projects developed in the area of HR development, SC COMPA SA Sibiu launched at the end of May 2011 the project "Increasing the competitiveness and productivity through human resource skills in machining technician".

The event was attended by over 100 representatives of companies in Sibiu and the country, who participated in the presentation of the project. The project will run over three years for a total of 300 students, workers from production companies engaged in the manufacturing sector. Of these 45 will be women. Number of financial assisted enterprises for participation in continuing training is 5. This project aims to develop the skills and knowledge in the manufacturing of tools, devices, controllers, models and templates, dies and molds of medium complexity, taking into account the requirements of precision and quality, development of ability, skills and setting attitudes encouraging positive reactions to change among employees, the acquisition of fundamental knowledge and to develop skills for people in key positions in organizations.

"For us it is a very interesting opportunity. From the project will benefit 300 participants who will receive a diploma recognized at national and European level" says John Deac, general manager of COMPA. The Sibiu company manager said also that because of this free course, the company he runs, and similar institutions in the Center region, will have "in three years 300 qualified people as mechanical technicians."

"Through this project we intend to increase the productivity of organizations by qualified human resources in the area. We chose COMPA SA because is a serious and well-known company in the field. We need dedicated people working in the field and we are happy and we are honored that our partner and we will help 300 people to receive training in the field that will work," said Manuela Miron, project manager at Crivas Consult. Such training courses will

take place also in Bucharest-Ilfov and South Wallachia, 50% of the total number of students belonging to the Centre region, according to the same project manager, Manuela Miron.

CREATING THE WORKFORCE OF TOMORROW

In an attempt to increase skill of future potential workers in automotive and manufacturing sector, COMPA SA is involved in the project “Developing the skills of pupils and students through internship at a potential job place”. Based on the partnership of COMPA SA, the National Centre for the Development of Technical and Professional Education, Technical University of Cluj-Napoca, University “Lucian Blaga” and Industrial School Group for Machinery Manufacturing from Sibiu, the projects offer 15 internships in the following areas:

- industrial robot programming
- error and fault detection in CNC machine tools and PLCs
- PLC based system diagnosis
- operation of automated equipment
- optimization of electric drives

The foreseen benefits for students are:

- practical training for 15 students in a renowned company in the automotive industry
- experienced tutors who will supervise and guide students during practical training
- access to technologies, processes and performing industrial equipment
- acquisitions of necessary skills for insertion in the labor market
- accommodation (600lei/internship/student), transport (80 lei) and meals
- grant in the amount of 420 lei / student awarded at internship completion
- 10 prizes worth 1,000 lei for the best students

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5. SLOVAKIA



VOLKSWAGEN SLOVAKIA

Company collective agreements in the automotive industry (Volkswagen Slovakia, PSA Peugeot Citroën Trnava), whose integrated systems of flexible working time and payroll systems. There is constantly innovating its production, thereby maintaining existing jobs and creating new economic crisis does not abuse the layoffs, but used the system of “flexikonto”.

Company VOLKSWAGEN SLOVAKIA, a.s., a manufacturing-assembling plant of the German concern VOLKSWAGEN AG, manufactures and assembles passenger vehicles in Bratislava and car components and gear boxes in Martin.

Impact of the economic crisis could be seen in production of the automotive industry. In January 2009 the company management along with the trade unions submitted measures for longterm employment security in all Slovak manufacturing plants of VW Slovakia. A new tool for all employees consists in the multi-year fund of time account, by other words in flexi-account that they used as the first ones in Slovakia. In 2009 the production in Volkswagen Bratislava interrupted due to production reduction. Employees could take during this time either last year vacation or flexi-account. Employees were paid by the full wage.

Collective bargaining in 2010 led the plant employees to strike alert supported by nearly all employees. Their participation was manifested only by wearing stickers on clothing, the production continued without any changes. After all, unionists did not come out on strike and

agreed with the VW management. From 1 May 2010 the tariff wages increased by 3%. They were also paid out by a single-shot amount of 215 Eur.

Complicated collective bargaining in 2011 was successfully finalized by signing the collective contract for 2011 – 2012. From 1 April of this year the tariff wages of employees should be increased by 4,6% and the company will pay out again a single-shot amount of 225 Eur. From 1 March 2012 the tariff wage of employees will be increased by other 3%.

VW SK belongs to largest private employers in Slovakia. The company offers jobs for approximately 7 000 employees. The social program of the company has been awarded many times. Last time the company gained the HR Oscar Awards in 2010 for the best project in area of human resources management in Slovakia.



6. SLOVENIA

WORKSHOP: SOCIAL DIALOGUE AS A TOOL FOR LONG-TERM SATISFACTION IN TRADING

PROJECT: STRENGTHENING SOCIAL DIALOGUE THROUGH THE ORGANIZATIONS OF THE SOCIAL PARTNERS WWW.SOCIALNDIALOG.SI

The project, (which ends in May 2011) is co-financed by the European Union by the European Social Fund. The project will be implemented under the Operational Programme Human Resources Development for 2007-2013, development priorities: institutional and administrative capacity, the priority guidelines: Promoting the development of non-governmental organizations, civil and social dialogue.

The project aims at strengthening the role of social dialogue at all levels of operation, improve the quality of management of social dialogue and increase coordination of social partners, to involve the general public in the process of social dialogue and the consolidation of the information flow between theory and practice.

The project will work with its effects and results contribute to a greater understanding of social dialogue as an integral part of the development of society, economy, human relations are also

important as well for greater understanding and inclusion of vulnerable groups in society. Effective social dialogue, the establishment and maintenance is one of the main strategic objectives of this project, has a multidimensional following positive effects:

- Incensing the level of rights to social protection,
- Greater understanding of the content of these rights,
- Increasing access to social security rights and the better enforcement of them,
- Increasing the coherence between different types of social rights,
- Increasing transparency of the system of social protection
- Increasing the motivation to work on the personal level,
- Increasing the productivity at the enterprise level
- Improvement in economic indicators at the country
- Improving information for the general public about the importance and process of social dialogue
- Active involvement of different target audiences in the process of social dialogue.

The project will straighten the role of social dialogue at all levels of operation. The project will have a positive impact on economic and social development of both society and individuals and individuals involved in it, and to increase social inclusion of vulnerable groups and reduce social stratification.

The first strategic objective: to strengthen the role of social dialogue between social partners

The second strategic objective: to improve the quality of management of social dialogue between social partners

The third strategic goal: to increase the networking between social partners at both national and international levels

The fourth strategic objective: the integration of the general public in the process of social dialogue

The fifth strategic goal of establishing an information flow between theory and practice of the external evaluation of social dialogue.

Based on the set of basic strategic objectives and activities derived from the project will contribute to greater recognition of social dialogue as a tool for improving the socio-economic

status of individuals, taking into account the respective responsibilities of the process, including emphasis on a balance of power, the culture of dialogue and transparency of information flow.

SKEI

SKEI on their website features examples of good practice (white sheet of employers) and examples of bad practice (black list of employers). In addition, SKEI is implementing the Executive Committee meetings at different locations in different regions. They are visiting the individual companies, and are confronted with different practices and approaches to problem solving in industrial relations. For this purpose SKEI produce manuals and accessories collections for the active participation of trade unions in enterprises and creation of appropriate policies to solve problems in industrial relations.

SKEI rejects the "quasi" innovative approaches, which do not take into account the opinion of the workers' representatives and when they exclude the workers' representatives from these proceedings, arguing that it is "interference" in the Company.

AUTOMOTIVE DEVELOPMENT CENTER SIEVA

The largest Slovenian automotive suppliers have been brought together in the field of development activities. The Partnership aims to combine knowledge, skills, potentials and development infrastructure to develop new solutions for advanced internal combustion engines, hybridization and electrification of vehicles, safety and comfort, and manufacturing excellence. The vision of the partnership is to create a leading research body of the Slovenian automotive industry, which will be innovative, competitive, and penetrating the global market solutions to connect and support partners in developing their skills.

3.4 CONCLUSIONS

The industrial relations of the different countries have common characteristics, especially with respect to emerging issues and prospects (outlined by the experts involved in the interviews).

The level of similarity of these common characteristics is, in some ways, surprising. They can be summarized as follows:

- For countries that recently joined the European Union, this is also an opportunity in terms of developing industrial relations
- A Complex approach to work is taking place: labor is less and less considered only a commodity, motivation of workers is becoming more and more a key issue, and it is not considered only a matter of remuneration.
- This affects collective bargaining, that is moving from only salary and legal aspects to other “soft HR policies”, like “sense of belonging to the company”, training, motivation, engagement...
- There is a need to focus also on processes of collective bargaining, not only on contents
- Participation is considered an important issue, also in the present period of economic crisis
- As well collective bargaining can be difficult with the crisis, but IRs are seen as a part of the solution, and not a part of the problem. The opinion leaders interviewed are out of the trap of “people OR business”: it is possible to do the best for people AND business together.
- Everybody seem to agree that “trade unions’ role” should be improved
- International networking, but also clusters and cooperation between companies at regional level are seen as important tools
- Investments on human capital are fundamental for development, and these investments are related to the effectiveness of IRs
- There is an issue concerning the difficulty to have IRs in SME. On the other hand automotive sector is increasingly a matter of few worldwide groups with distant headquarters. In an unexpected way (as explained below), this turns to an opportunity more than to a limit.
- IR culture would be increased at all levels (governmental, industrial, management, unions)
- HR policies and programs have to be implemented in a more professional way

All these points are consistent with a general conclusion that originates from the observation that in all cases referring to the international level is an important answer for the development of industrial relations (even in Italy, whose Industrial relations history very different from the

one of the other partners). This is not obvious at all, because traditionally Industrial relations are considered as a national matter.

Connecting trade unions from different countries helps to develop effective Industrial relations models approaches and praxis (see Automobili Lamborghini case).

This happen, not because abroad more advanced models and experiences are available to be copied, but because an international and network based approach to industrial relations is consistent with the fact that economy is international and automotive companies are international. Therefore coordination and benchmarks for industrial relations must be international.

So it can be stated, based on concrete data emerged from this research, that internationalization is not just about product innovation, but also about social dialogue. This involves developing strategies and tools for an effective diffusion of common practices and networking in industrial relations.

About the results of the current research, that aimed to build a common methodology as well as achieving “scientific” results, we can say that *the “common methodology” has worked*. Not only because the materials requested have been collected and studied, but more important:

- Common research tools have been used by partners
- A wide dialogue on Industrial Relations has been opened
- A new possibility has been created to focus on an important issue (industrial relations), not very treated by partners.

Finally, we can say that a solid basis have been created for future comparative studies on industrial relations in the countries involved.

4. ATTACHMENTS

- Attachement 1 – *“Social dialogue and recession in the automotive sector: a global perspective”*, Eurofound
- Attachement 2 – Thematic paper *“Social dialogue: a work in progress”*, Network of Automotive Regions
- Attachement 3 – *The role of Social Dialogue in skills initiatives: a case study approach*, Ing Keith Bevis (University of Hertfordshire, UK) and Fiorenza Paoletti (Comunimpres, Italy)
- Attachement 4 – CCMI/067 Responding to the crisis in the automotive industry, *“Opinion of the European Economic and Social Committee on the Communication from the Commission on responding to the crisis in the European automotive industry”*, European Economic and Social Committee
- Attachement 5 – *“R&D Priorities for the Greening of Vehicles and Road Transport”*, contribution by CLEPA and EUCAR
- Attachement 6 – *“A new era. Accelerating toward 2020 – an automotive industry transformed”*, Deloitte
- Attachement 7 – *“Industrial relations profiles”*, Bulgaria, Hungary, Italy, Romania, Slovakia, Slovenia