

2015

# Annual Review of Labour Relations and Social Dialogue Slovak Republic

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- The development of economic and legislative matters in the Slovak Republic in 2014-2015 may be marked as one of the most dynamic periods in the country's history. Growth in GDP and employment, as well as falling unemployment, combined with an influx of new investments have created, to a certain extent, a prerequisite for a better mood among Slovaks, which was backed by the execution of many changes.
- Some key structural reforms related to the election system, labour market, and educational system have been implemented, as well as changes in labour law relations and civil provisions with a direct impact on the Slovak economy. These changes also have had an impact on the protection of employees' rights. It can be objectively stated that many of these reforms have been positive, aimed at improving the living standard of the population and their working conditions, though some measures were motivated – to a great degree – by the parliamentary elections to take place in March 2016.
- Implementation of the so-called “social packages” and the strict defensive stand of Prime Minister Robert Fico towards Europe's migration crisis have led to steady percentage of voters favouring Fico's SMER-SD party and even to an increase during the last months of 2015.
- Looking at the various political parties, there has been an ongoing split and atomisation of the parties on the right part of the political spectrum and/or formation of new liberal political parties. The new political party Siet' (Network) of the right-wing intellectual Radoslav Procházka and the Slovak-Hungarian right-wing party MOST-HID are considered to be the strongest opponents to SMER-SD. All the other conservative parties have been losing voters' backing and oscillating just around the electoral threshold (5 per cent) to win parliamentary mandates.
- Thus, the future political, economic and legal developments in the country will be largely influenced by the results of the parliamentary elections in March 2016.



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- Industrial relations
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- Collective bargaining, social dialogue, social security, education & vocational training, employment, wages
- Trade unions and employer organizations



## 1. SOCIO-ECONOMIC DEVELOPMENTS

In the 2nd and 3rd quarter of 2015, the Slovak economy continued to grow dynamically – reaching growth of as much as 3.7 per cent in the 3rd quarter, the fastest growth in the past 5 years. The economic growth in the 3rd quarter was supported by domestic demand that grew by 5.8 per cent year-on-year. The gross domestic product (GDP) reached € 57,901.90 million through the first three quarters of 2015. The GDP growth is expected to have been balanced throughout 2015 and should stay balanced also in 2016. For the whole year 2015, GDP growth should reach 3.2 per cent with acceleration to follow in 2016, reaching 3.4 per cent. In 2017, the GDP growth rate should be 3.3 per cent.

The main source of the growth was the domestic part of the economy. Investment activities in the domestic economy have strengthened significantly, supported by higher spending of EU funds and infrastructure construction activities. Similarly, private consumption recorded quite speedy growth, with the services sector being one of its key contributors. When looking at the GDP prognosis in the upcoming period, it is necessary to take into account the arrival of a new car manufacturer, Jaguar Land Rover, in Slovakia that will also contribute to the anticipated positive GDP growth. Forecast model results indicate that the arrival of Jaguar Land Rover could help increase the GDP level by approximately 2.6 per cent (the minimum scenario considers growth of 1.1 per cent while the maximum scenario estimates expected growth of 3 per cent); the number of people directly employed by Jaguar Land Rover could grow to 17,400 in 2021.

Compared to the same period in 2014 industrial production in the months of September and October 2015 increased by 7.2 per cent, influenced particularly by 8.2 per cent growth in manufacturing and 1.8 per cent growth in the sector of electricity, gas, steam and cold air supplies. The most striking growth was in the production of transport means (21.8 per cent)

and in metals and metal constructions (8.9 per cent), with the exception of machinery and equipment. Production in the construction industry reached the value of € 572 million. When expressed in constant prices, construction production increased by 25.3 per cent compared with September 2014. Foreign demand for Slovak products and services was growing at a positive rate in 2015 at a projected rate of 3.1 per cent, with an expected increase to 4.3 per cent and 5.2 per cent in the following two years. Accelerated spending of EU funds at the end of the second programming period as well as the construction of infrastructure projects have had a significant pro-growth impact on investments. Also, relatively fast growth of investments in residential housing is expected, documented by the number of housing development projects in progress.

In the area of foreign trade, the overall export of goods reached € 5,961.50 million in October 2015, an increase of 3.7 per cent compared with October 2014 while in the same period the overall import of goods increased by 8.7 per cent to € 5,658.70 million. The foreign trade balance was positive, amounting to €302.70 million (€ 238 million less than in September 2014).

When taking the average of a nine-month period compared with the same period in 2014, consumer prices dropped by a total of 0.3 per cent. In October 2015, the average annual inflation rate was -0.3 per cent. The year-on-year inflation rate was measured using the harmonized index of consumer prices and was -0.5 per cent in October 2015. Import prices are assumed to have had a dampening effect as well. Taking into account the expectation that agricultural commodities will maintain their price levels and that oil prices will continue to fall, low inflation is predicted for 2016, at about 1 per cent (a reduction by 0.6 per cent). In 2017, prices of commodities are expected to change, alongside with a gradual growth in import prices, which should result in an accelerated rise in the inflation rate to 1.9 per cent.



With the growth of the economy relying mostly on domestic demand, more new jobs were generated than previously expected. In the 2nd quarter of 2015, employment grew by 0.7 per cent with new jobs created mostly in services and industry. In comparison with the same period of the previous year, employment increased by 2.2 per cent and by 2.1 per cent in the 3rd quarters of 2014 and 2015. Total growth in employment for all of 2015 should be about 2 per cent. At the end of 2015, the recorded unemployment rate after seasonal adjustment was 11.01 per cent, while the overall unemployment rate was 12.80 per cent. Labour market forecasts for Slovakia expect that within the next five years the economy will need approximately 320,000 new employees, 75 per cent of those will be required to replace retiring employees while the rest will be needed for the growing economy.

In the 1st through 3rd quarters of 2015, the average monthly wage of employees reached € 859 and the median monthly wage was € 762. The median is the exact middle value dividing the selected sample into two groups of equal numbers: 50 per cent of employees earned € 762 or less and the other 50 per cent earned € 762 or more. The minimum wage was € 380 in 2015 and increases to € 405 in 2016.

## 2. STATE POLICIES

The single-party Government of the Slovak Republic (consisting solely of representatives of the social-democratic party SMER-SD) and a majority of MPs in the National Council (parliament) have made it possible to enact structural changes in various areas. Among the most significant are the passage of the new Election Code as well as changes in social issues and labour market policies.

The new Election Code replaced six different legal acts that independently regulated individual types of elections before. The most positive aspect of the new code is that a consensus was found between the ruling party and the opposition on the content of the act. The Election Code enhances transparency of

elections, not only in the funding of election campaigns but also regarding the entire administration of campaigns, advertising and the campaign moratorium 48 hours before the elections. Besides the introduction of transparent bank accounts used for the funding of election campaigns, a permanent committee has been established to check on the political campaign funding. The committee will consist of representatives of various political parties. The Election Code also sets a limit for expenditures on election campaigns at € 3 million for parliamentary elections and € 0.5 million for presidential elections.

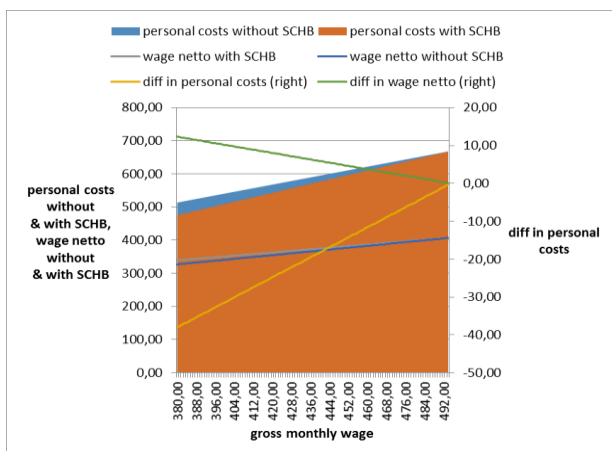
Key changes have been enacted in social and labour matters. As of 1 January 2013, an amendment to the Labour Code was passed which regulates agency-based employment in considerable detail. The legislative procedure preceding the amendment's adoption was accompanied by vociferous protests from employers as well as by demonstrations by employees who supported the amendment. The amendment to the Labour Code, among other things, introduced a restriction of temporary assignment via an agency of temporary employment to no longer than 24 months (it is possible to perform temporary assignment for only a total of four times). The amendment prohibits agency work in poor-condition workplaces, classified as 4th category of risk, introduces shared responsibility between temporary work agencies and employers for wage conditions of employees, significantly restricts the possibilities for temporary work agencies to pay employees wages in the form of travel reimbursements, and some additional measures.

In connection to the changes in agency work, a law was passed on cross-border temporary assignments intended to implement Directive 96/71/EC concerning the posting of workers in the framework of the provision of services. The act introduces measures and means aimed at deepening the collaboration among member states in the area of posting workers abroad. In Slovakia, it sets up tools for providing information, checking of activities, delivery of



correspondence and notification about the decisions made by bodies of a member state concerning imposition of administrative fines or sanctions, and on the enforcement of those decisions.

In addition to the increase in the minimum wage to € 405 in 2016, employment of disadvantaged low-income groups (students, pensioners, and others) is becoming more attractive because of the introduction of so-called deductible tax benefit items. The deductible item can be claimed by an employee who has performed paid work under a standard work contract and whose monthly income from this paid work did not exceed € 570. In that case, the assessment base applied for the purpose of insurance in the social security system will be decreased by the deductible item. If the employee claims this deductible item, the employer's expenses for the employee will drop by the defined amount within the total value of work amount (see chart below).



### 3. INDUSTRIAL RELATIONS

Developments in collective labour law relations in 2015 were not significantly different from the previous period and are still being affected by the ongoing disintegration of the traditional employee and employers' associations. Trade unions have witnessed an interestingly ambivalent trend where on one hand the existing and long-standing trade unions have been integrated with others due to shrinkage in their membership, while on the other hand new trade unions have been

A minimum pension was introduced as of 1 July 2015 to the social security system with the intention of ensuring that a retiring person would be provided enough income so he or she would not be dependent on the social benefit for people in material need, which is when household income does not reach the level of the living wage laid down by a special provision and household members cannot ensure or raise their income by work, by claim of an ownership right, or any other right to property. Receiving the minimum pension is conditioned on having worked for at least 30 years and its basic amount is € 269.50. With additional years of employment, the minimum amount automatically increases.

Other changes on the labour market included adoption of a new law on dual education designed to ensure a better connection between the needs of the labour market and the curricula content of secondary schools (more details on the new system can be found in the second part of this report).

established as a result of dissatisfaction with the work of the existing unions. Generally, the density in organized trade unions has dropped to about 10-15 per cent. More and more often, so-called "yellow" trade unions are being established in companies where a standard union is already in place. This directly leads to an end of traditional trade unions. In several companies, coercion was recorded on the part of the employer, by forcing employees to transfer their membership to a yellow union. Because there is virtually no legislation regulating this, any restrictions on yellow



unions are based only on non-legal explanations provided to employees.

Similarly, traditional employers' associations have also faced disintegration when the most significant and highest-level representative of employers (the National Union of Employers) broke up and a new group was established by some of the employers: the Alliance of Employers' Associations. The overall development in this area indicates that sectoral employers' associations will be strengthened, particularly in the production sector. This will take place at the expense of a search for consensus on the highest level. Generally speaking, it can be said that there has been a continuing trend of losing representation for all organizations representing employers. The future prognosis is even for an absence of employer's organizations that would be competent to conclude sectoral collective agreements.

As in the recent past, problems persist with concluding sectoral collective agreements and it is increasingly apparent that employers are not interested in adjusting working conditions at the sectoral level and are rather trying to strengthen enterprise-based collective bargaining which – in Slovak conditions – usually presents an easier way to further their interests because of numerous internal problems and a lack of professional background on the part of the unions. Even though sectoral collective agreements are concluded, their content is often identical with the minimum requirements set by the existing law. In many industries, collective agreements have become more of a political declaration than a document with actual content that would result in more advantageous regulation of employees' working conditions.

In the past two years, after sectoral collective agreements became binding for all sector employers by intervention of the Labour Ministry, problems were identified in the system and new legislation was being drafted concerning collective legal and labour relations. However, because of the upcoming

parliamentary elections in March 2016, the preparations were interrupted and it remains to be seen whether and how they will be continued after a new Government takes office.

Despite these problems, a positive side to the issue is certainly the preparation of a sectoral collective agreement in the area of agency work. This should, at least to some extent, complete the legal regulation of agency employment taking into account the aforementioned amendment to the Labour Code.

Like stalled development at the sectoral level, collective bargaining at the enterprise level has also stagnated. Because of the loss of membership, collective agreements have been weakened and collective bargaining itself is slowly being reduced only to negotiating some increase of wages with no effort whatsoever in improving working conditions in other areas.

#### **4. TRIPARTITE SOCIAL DIALOGUE**

Despite the implementation of structural changes in the mentioned areas, there has been standard social dialogue on all levels, including the highest one. In this respect, however, it is important to realize that even with this communication (at the level of the tripartite body, the Economic and Social Council of the Slovak Republic acting as an advisory body to the Slovak Government), its content is more or less formal and only expresses the desire to show that there is some dialogue instead of aiming at creating a platform for a real discussion with actual results. Legislative proposals that ought to be discussed as part of this dialogue are usually prepared in advance, given the necessary political support, but the social partners may initiate changes only during the consultation procedure or in a very informal manner and never in the tripartite dialogue itself.

In order to emphasize the interest on the Government's part to engage in dialogue,



including tripartite meetings, a Council of Solidarity and Development of the Slovak Republic was founded, serving as a platform for discussion and a search for solutions and agreements between the Slovak Government and representatives of the social partners as well as churches and professional institutions. This allows important decisions to be made that are relevant for the development of the entire society. The Council holds its meetings under the direction of Slovak Prime Minister Robert Fico. Other permanent members include the Minister of Finance and the Minister of Labour, Social Affairs and Family. If necessary, other members of the government (e.g. the Minister of Interior or the Minister of Health) are also invited to the discussions, depending on the issues being considered. Again, it ought to be stated that this body is also a more symbolic representative than an actual institution with authority.

## 5. FORECASTS

The budget framework adopted in 2015 assumes that the deficit in public administration should continue to drop until 2018. The budget proposal for 2016 through 2018 has a target deficit of 1.93 per cent of

GDP in 2016, 0.88 per cent of GDP in 2017, and 0.53 per cent of GDP in 2018. The budget objectives project that a structurally-balanced budget could be reached as soon as in 2017, with the structural deficit being at 0.5 per cent of GDP (if there are average consolidation efforts of 0.5 per cent of GDP in 2015, 2016 and 2017). Despite a gradual rise in inflation, consumer prices in 2016 and 2017 are expected to grow more slowly than might be indicated by the accelerated economic growth. Inflation will approximate the standard growth rate of 2 per cent as late as in 2018. Taking into account the forthcoming parliamentary elections, forecasting of further developments in the economic and legislative areas is uncertain. The nature of any further development will be dependent on whether there will be a right-wing or a left-wing government in Slovakia after the elections, as well as on external influences – such as the consequences of the migration crisis or the security situation. At the end of 2015, over € 20 million were allocated for potential measures in this area and a whole series of legislative changes have been adopted strengthening the position of security bodies, including the police, prosecutors' offices and courts, with the aim to eliminate security threats in the Slovak Republic.



## ANNEX OF DATA

- **Structure of economy**

	2009	2010	2011	2012	2013	2014	2015-3Q*
Enterprises total	593 219	607 397	612 412	610 381	624 173	628 569	624 332
Public sector	8 070	8 377	8 294	8 303	8 152	8 161	8 096
Private sector	564 811	575 890	578 794	574 211	585 418	587 510	582 387
Enterprises under foreign control	20 338	23 130	25 324	27 867	30 603	32 898	33 849
proportion of total Enterprises							
A Agriculture, forestry and fishing	4.39%	4.24%	4.20%	4.17%	4.23%	4.43%	4.44%
B Mining and quarrying	0.03%	0.03%	0.03%	0.03%	0.03%	0.04%	0.03%
C Manufacturing	12.83%	12.42%	12.09%	11.69%	11.27%	11.15%	11.10%
D Electricity, gas, steam and air conditioning supply	0.06%	0.07%	0.08%	0.08%	0.09%	0.09%	0.09%
E Water supply, sewerage, waste man. & remediation activ.	0.24%	0.22%	0.21%	0.21%	0.22%	0.23%	0.23%
F Construction	16.58%	16.45%	16.18%	15.53%	15.16%	14.74%	14.47%
G Wholesale and retail trade, repair of motor vehicles, motorc.	25.46%	24.76%	24.22%	23.74%	23.27%	22.65%	21.94%
H Transportation and storage	3.18%	3.26%	3.35%	3.43%	3.50%	3.13%	3.22%
I Accommodation and food service activities	3.32%	3.30%	3.26%	3.23%	3.22%	3.26%	3.23%
J Information and communication	2.60%	2.74%	2.84%	2.97%	3.07%	3.13%	3.15%
K Financial and insurance activities	1.76%	1.75%	1.80%	1.99%	2.16%	2.39%	2.53%
L Real estate activities	3.28%	3.42%	3.54%	3.66%	3.75%	3.83%	3.86%
M Professional, scientific and technical activities	9.91%	10.44%	10.80%	11.21%	11.42%	11.61%	11.78%
N Administrative and support service activities	3.04%	3.34%	3.57%	3.83%	4.20%	4.51%	4.65%
O Public admin. and defence, compulsory social security	0.58%	0.56%	0.55%	0.56%	0.52%	0.52%	0.51%
P Education	1.55%	1.57%	1.58%	1.62%	1.65%	1.67%	1.73%
Q Human health and social work activities	2.17%	2.16%	2.14%	2.18%	2.19%	2.25%	2.29%
R Arts, entertainment and recreation	2.26%	2.31%	2.37%	2.44%	2.47%	2.53%	2.60%
S + ZZ Other service and other activities	6.76%	6.95%	7.17%	7.43%	7.57%	7.84%	8.14%

Source: Statistical Office of the Slovak Republic.

Note: \*Data for whole year 2015 will be available in 2016-2Q.

- **Collective Bargaining System**

In the Slovak Republic, collective bargaining is conducted at the national, sectorial and company levels. Sectorial collective agreements for specific sectors are concluded according to the statistical classification of economic activities (SK NACE) and company collective agreements are concluded at that level. A sectorial collective agreement is binding for employers who are members of the association which concluded the agreement with the central leadership of the branch trade union. Under the law governing collective bargaining, a sectorial collective agreement may be extended to other employers, subject to prescribed conditions.

A company collective agreement is binding only for the specific company (employer). The law distinguishes between “force” and “effect” of collective agreements. A collective agreement comes into force on the day of its

signing by the contracting parties provided all the prescribed requirements are met. The effect of a collective agreement is the agreed period during which its content will be implemented. Collective agreements usually provide for more favourable working conditions than those stipulated by the standards in the Labour Code. Collective bargaining is exclusively within the remit of trade unions. Currently, the collective bargaining system has suffered from: a breakup of certain employers’ associations and the subsequent impossibility of collective bargaining at that level; rejection of collective bargaining by certain employers; and/or the reduction of the content of collective bargaining to only wage bargaining.

Collective bargaining and its results are not centrally administered in the Slovak Republic. The total number of concluded company collective agreements is not available; limited





information is only available for sectorial collective agreements.

• **System of Tripartite Social Dialogue**

Social dialog has been in place in Slovakia since 1990. In its current form (since 2007) it functions only at the national level within the Economic and Social Council of the Slovak Republic (Act No. 103/2007 on Tripartite Consultations). The Economic and Social Council (ESC) is a consultative and negotiating body for the government and the social partners at the national level. The ESC has 21 members, 7 nominated by the government, 7 by employers' associations and 7 by employees' representatives (trade unions). The ESC exchanges opinions and recommendations on economic and social development and employment, concludes agreements in the field of economic and social development and employment, exchanges

opinions and makes recommendations on the state budget, exchanges opinions on drafts of generally binding regulations concerning vital interests of employees and employers, particularly economic, social, work and wage conditions, terms of employment and conditions for doing business, and forms of collective bargaining.

After Prime Minister Robert Fico's government took office the Solidarity and Development Council of the Slovak Republic was established as an alternative form of multilateral social dialogue. Compared to the Economic and Social Council, the Solidarity and Development Council is a wider platform for discussing and searching for agreements between the representatives of the Government of the Slovak Republic and representatives of social partners, as well as other organizations playing an important role in society (e.g. churches, professional bodies and professional associations).

• **Social security systems**

		Type of insurance	2007	2008	2009	2010	2011	2012	2013	2014	2015-2Q
		Labour force – total (LF)	2 649 200	2 691 200	2 690 000	2 706 500	2 679 900	2 706 500	2 715 300	2 721 700	2 722 300
Number of insured persons	Health care insurance	Total persons	5 296 631	5 285 215	5 271 277	5 260 654	5 237 830	5 220 972	5 197 524	5 182 121	5 170 136
		Employed persons	1 771 981	1 775 026	1 625 633	1 588 159	1 440 926	1 402 806	1 652 143	1 685 098	1 709 375
		Self-employed persons	386 967	398 766	397 421	418 974	350 184	328 472	325 938	322 398	324 963
	Social insurance	Employed persons	n/a	2 094 200	1 994 700	1 947 100	1 946 400	1 968 900	1 967 100	1 999 300	2 048 000
		Self-employed persons	n/a	n/a	n/a	n/a	249 448	245 800	235 363	n/a	n/a
		Employers	n/a	n/a	n/a	n/a	157 535	159 965	158 477	n/a	n/a
		Supplementary pension insurance	804 186	823 849	814 710	808 425	785 839	779 701	n/a	n/a	n/a
Relation to	Health care total/LF	200%	196%	196%	194%	195%	193%	191%	190%	190%	
	Health care employed/LF	67%	66%	60%	59%	54%	52%	61%	62%	63%	
	Health care employed (employed + self)/LF	81%	81%	75%	74%	67%	64%	73%	74%	75%	
	Social insurance (employed + self)/LF	-	-	-	-	82%	82%	81%	-	-	
	Supplementary pension insurance/LF	30%	31%	30%	30%	29%	29%	-	-	-	



- **Average monthly pensions (in €), Statistical Office**

Average monthly pensions in EUR	2010	2011	2012	2013	2014	31.01 2015	28.02 2015
Old-age	352.5	362.1	375.9	390.2	400.18	405.51	406.01
Early pension	367.1	357.6	374.5	384.2	384.42	388.28	389.52
Invalidity	254.8	255.6	260.9	265.2	266.64	269.75	269.21
Widow's	217.1	222.0	229.7	237.5	242.90	246.26	246.16
Widower's	165.4	169.7	175.9	183.8	186.71	189.69	189.71
Orphan's	125.3	125.9	128.2	128.1	131.29	133.07	133.29

Source: Statistical Office of the Slovak Republic.

- **Average monthly pensions (in €), Social Insurance Office**

Type of pension	31.12.2010	31.12.2011	31.12.2012	31.10.2013	31.12 2014
Old-age pension	352.54	362.08	375.89	390.37	400.18
Early pension	367.05	357.63	374.51	384.36	384.42
Invalidity pension	254.79	255.63	260.90	264.85	266.64

Source: Social Insurance Office.

- **Educational and Vocational Training**

Public expenditure on education remains significantly below the EU average and has been on a decreasing trend. Despite recent rises in teachers' salaries and a commitment to increase them to 120 per cent of the average wage, funds for teaching activities remain low in international comparisons. The shortage of qualified teachers has a negative impact on learning outcomes. The areas in which the highest proportions of teachers report a strong need for professional development are teaching students with special needs and developing the skills necessary to teach with ICT. The increases in salaries remain insufficient to attract and retain talented young people and, notably, starting salaries are low. The Ministry of Education is working on improvements in initial teacher training through an EU-supported project. Its

results, to be published in 2015, will include recommendations to higher education institutions that prepare future teachers.

In response to the continuing high unemployment rate of young people in the Slovak Republic, the Slovak parliament opted for implementation of strategic labour market measures with the aim to reverse the high rate. The introduction of a new dual system of secondary education represents one of the most significant measures. The new schooling scheme was prepared based on theoretical and practical experience and in collaboration with Austrian, Swiss and Dutch experts, with the key support of multinational companies, particularly from the engineering and automotive sectors. Through this legislation, the Slovak parliament hopes to primarily achieve a better absorption of school graduates into the labour market and



secondarily an adaptation of the education system to practical needs and requirements of employers. The new system of vocational training, therefore, represents a principal, comprehensive change covering many areas, including changes in the area of labour law, social welfare and health insurance, taxation and education laws.

Based on practical inputs, the new system can be seen as a step in the right direction; since its implementation on 1 April 2015, over 94 enterprises representing a significant share of the Slovak GDP, including companies of the automotive, metallurgical and health care sectors, have joined the system. In the past seven years, the number of graduates of secondary vocational schools has dropped from 15,700 to the current 12,800, a decrease of 18.4 per cent. According to a numerical projection, it is expected that the number of graduates will go down to 10,500 in 2015. The situation of graduates trying to find a job on the labour market has become non-sustainable as more than 75 per cent of graduates from secondary vocational schools could not find a job in the area of their skills and knowledge as a result of obsolete curricula and instruction aids.

The main benefits of the dual vocational system of education, as pointed out by the employers, is better readiness for work directly related to employers' requirements, saving the costs of recruitment via personnel agencies or saving the costs of requalifying employees. In addition, employers have an opportunity to enhance, via such preparation, the loyalty of employees towards the company, reduce the turnover rate and/or improve the working habits of their employees.

The system of dual education now being introduced is extraordinary also because it helps create a partner-like relationship between an employer and a student. This relationship is defined in a so-called "education agreement" which lays down the rights and obligations of the parties to the agreement in relation to students' vocational training. The employer is responsible for the part of practical training and, at the same time, bears all the costs related to its implementation, including the costs of concluding the agreement between the school and the pupil. Students are provided with a motivational scholarship and/or remuneration for productive work in an amount equalling at least a half of the hourly minimum wage: between € 1.092 and € 2.184 per hour.

**Employment rate in %**

Gender	2009	2010	2011	2012	2013	2014	2015-2Q
Total	51.8	50.5	50.8	50.9	50.9	51.5	52.6
Men	60.4	58.2	58.8	59.1	58.6	59.5	60.8
Women	43.8	43.4	43.3	43.3	43.6	44.1	45.0
Total	60.1	58.8	59.3	59.7	59.9	61.0	62.5
Men	67.6	65.2	66.1	66.7	66.4	67.7	69.4
Women	52.8	52.3	52.5	52.7	53.3	54.3	55.6
Total	66.4	64.7	65.0	65.0	65.0	65.9	67.5
Men	74.7	71.9	72.5	72.8	72.2	73.2	75.0
Women	58.2	57.5	57.4	57.3	57.8	58.6	59.9

**Unemployment rate in %**



Age	2009	2010	2011	2012	2013	2014	2015-2Q
Total	12.1	14.4	13.6	14	14.2	13.2	11.2
Total registered by the employment offices	11.4	12.5	13.2	13.6	14.1	12.8	n/a
Aged 15-19	53.4	61.7	66.8	63.1	62.6	56.0	56.7
Aged 20-24	24.4	30.7	29.7	30.9	30.8	27.1	22.7
Aged 25-29	13.8	16.7	16.8	17.9	18.6	16.1	11.8

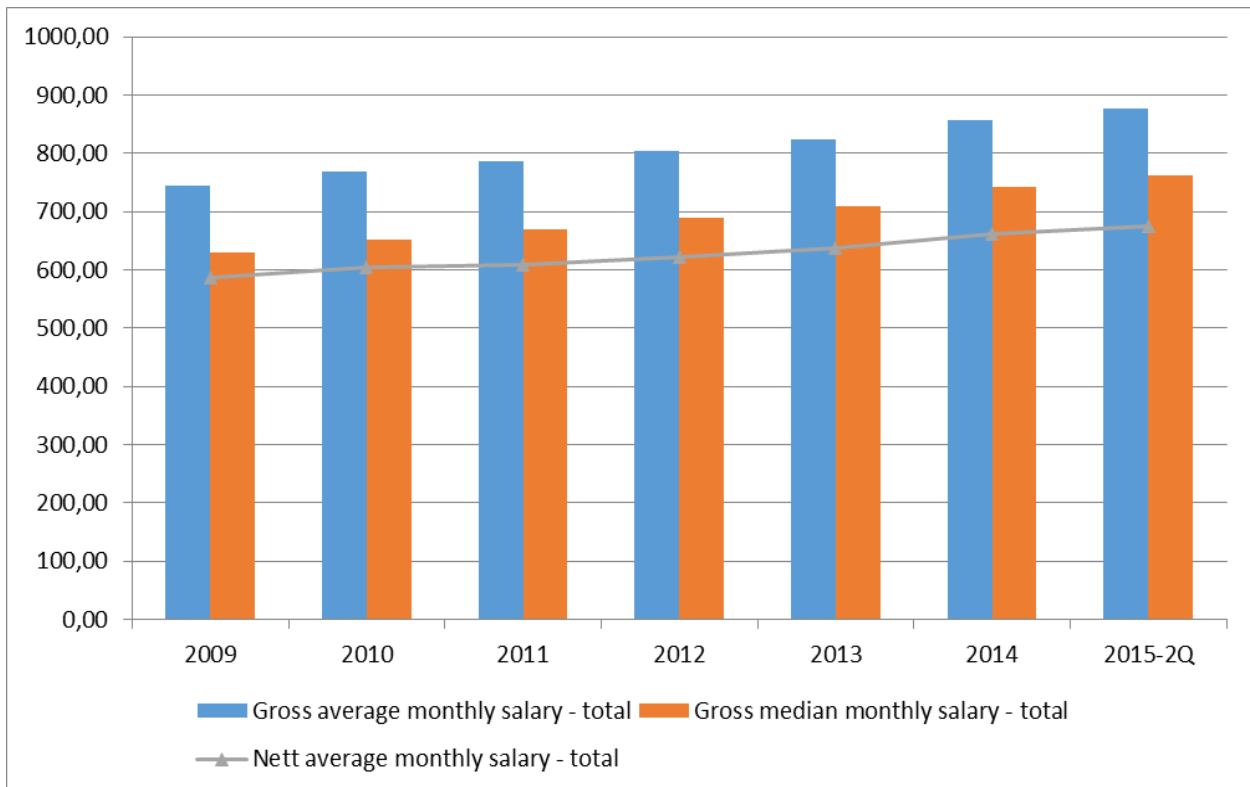
- **Gross and net average monthly salaries**

### Gross and net monthly salary

Gross and net monthly salary	2007	2008	2009	2010	2011	2012	2013	2014	2015-2Q
Gross average monthly salary - total	668.72	723.03	744.50	769.00	786.00	805.00	824.00	858.00	877.00
Gross median monthly salary - total	561.54	609.04	629.62	651.00	670.00	690.13	708.06	741.25	762.50
Net average monthly salary - total	562.17	592.81	586.13	603.40	607.71	622.39	637.16	662.08	675.41
Net average monthly salary - men	637.89	667.33	702.42	723.94	733.97	750.02	760.41	803.43	819.21
Net average monthly salary - women	480.35	512.18	542.20	561.28	459.70	580.89	603.09	631.91	647.35

Source: Statistical Office of the Slovak Republic and Trexima.

### Gross and net monthly salary





- **Gender pay gap**

According to data gathered by the European Commission, the difference in remuneration between men and women in the Slovak Republic is approximately about 22 per cent. National statistics usually give an even higher gap of 24 per cent on average. The statistics are distorted particularly due the fact that the amount that is compared is the average earnings of men. The difference would even be greater if the criterion was to be changed to the average earnings of women. The reasons for women's lower remuneration include: mainly fewer women holding senior managerial positions; lower status of occupations in which women prevail; interrupted careers; and part-time work. National surveys indicate that women even ask for lower salaries in job interviews due to lower self-esteem. The difference between the salaries of men and women in senior managerial positions is 31.3 per cent and in commerce and services it is 39.6 per cent. The

difference in remuneration for the same work in practice is formally disguised as differing job descriptions, differentiated specification of the variable wage component and the like.

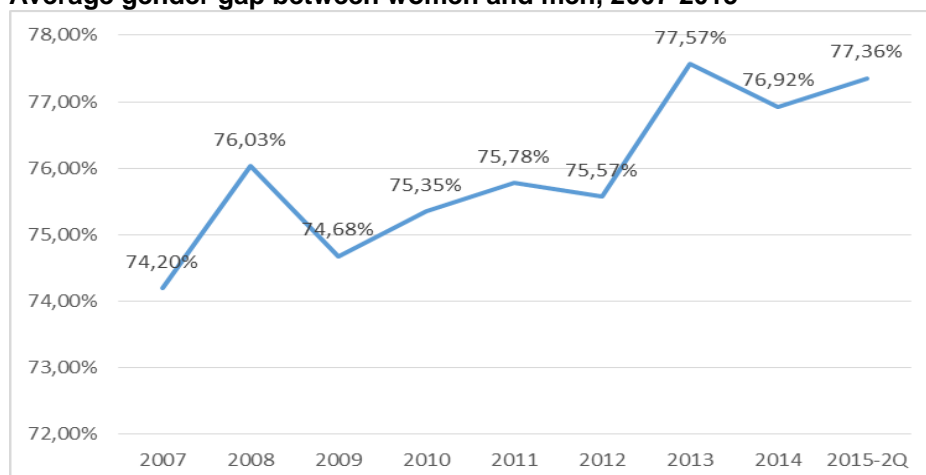
In 2015, men earned an average wage of € 1,003 while women only earned an average of € 786. Even if a woman works in the same position as a man she makes 8 per cent less. The most outstanding salary differences between men and women are in positions in trade and commerce. In this sector women earn 28 per cent less than men. Stark salary differences are also in top management jobs, services, the pharmaceutical industry and tourism. In all of these sectors, women earn a minimum of 25 per cent less than men. In CVs posted by people looking for jobs, applicants can state what salary they expect to receive if they are employed. Women give € 717 as their expected monthly salary while men, on average, seek € 949. Women tend to expect lower wages from the very moment they enter the labour market.

**Average monthly salary by gender (in €)**

Average monthly salary per gender	2009	2010	2011	2012	2013	2014	2015-2Q
Men	913.08	941.00	966.00	986.91	999.68	1059.50	1082.00
Women	681.86	709.00	732.00	745.82	775.40	815.00	837.00
Ratio: Women/Men	74.68%	75.35%	75.78%	75.57%	77.57%	76.92%	77.36%

Source: Own calculations based on data by Statistical Office of Slovak Republic and Trexima.

**Average gender gap between women and men, 2007-2015**



Source: Own calculations based on data by Statistical Office of Slovak Republic and Trexima.



- **Monthly minimum wage (€)**

Minimum monthly salary	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Minimum monthly salary	268.87	268.87	295.50	307.70	317.00	327.20	337.70	352.00	380.00	405.00
Relation to average monthly salary	40.21%	37.19%	39.69%	40.01%	40.33%	40.65%	40.98%	41.03%	43.33%	-

Source: Statistical Office of the Slovak Republic.

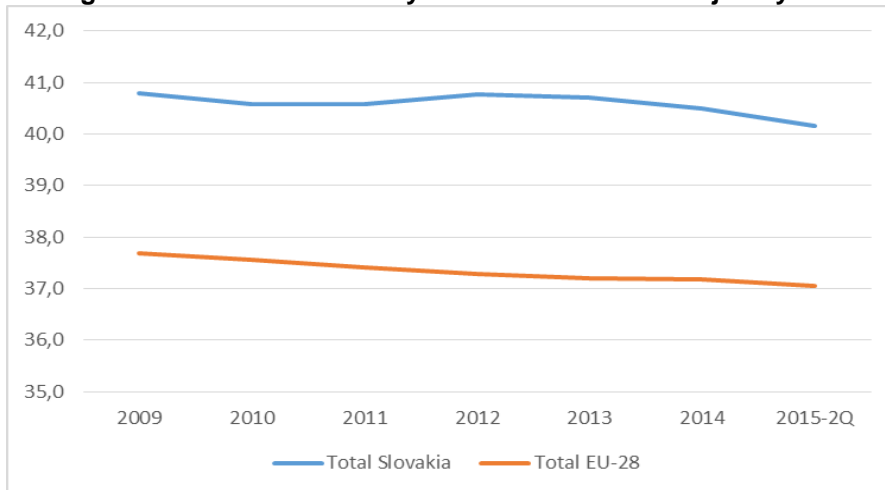
- **Actual weekly working hours**

**Average number of usual weekly worked hours in main job by sex**

	2009	2010	2011	2012	2013	2014	2015-2Q	
<b>Slovakia</b>	Men	41.7	41.5	41.6	41.7	41.8	41.5	41.2
	Women	39.6	39.4	39.3	39.6	39.4	39.2	38.8
	<b>Total Slovakia</b>	<b>40.8</b>	<b>40.6</b>	<b>40.6</b>	<b>40.8</b>	<b>40.7</b>	<b>40.5</b>	<b>40.2</b>
<b>EU-28</b>	Men	40.9	40.7	40.6	40.5	40.3	40.2	40.2
	Women	33.9	33.7	33.7	33.6	33.5	33.6	33.6
	<b>Total EU-28</b>	<b>37.7</b>	<b>37.6</b>	<b>37.4</b>	<b>37.3</b>	<b>37.2</b>	<b>37.2</b>	<b>37.1</b>

Source: Eurostat and own calculations.

**Average number of usual weekly hours worked in main job by sex**



Source: Eurostat and own calculations.



- **Normal work / atypical work**

	Share of employed persons	2007	2008	2009	2010	2011	2012	2013	2014	2015
By type of working activity	Employees	87.1%	86.2%	84.3%	84.0%	84.1%	84.5%	84.5%	84.6%	84.7%
	Self-employed	12.9%	13.8%	15.7%	16.0%	15.9%	15.5%	15.6%	15.4%	15.3%
By length of working time	Employees, full-time	97.3%	97.2%	96.0%	95.6%	95.3%	95.5%	94.9%	94.3%	93.6%
	Employees, part-time	2.7%	2.8%	4.0%	4.4%	4.7%	4.5%	5.1%	5.7%	6.4%

Source: Statistical Office of the Slovak Republic.

- **Migration flows 2007-2014**

### Migration per persons

	2009			2010			2011			2012			2013			2014		
	T	M	W	T	M	W	T	M	W	T	M	W	T	M	W	T	M	W
Immigrants	6346	3970	2376	5272	3247	2025	4829	3013	1816	5419	3218	2201	5149	2967	2182	5357	3109	2248
Emigrants	1979	953	1026	1889	844	1045	1863	751	1112	2003	778	1225	2770	1088	1682	3644	1442	2202
Nett increase	4367	3017	1350	3383	2403	980	2966	2262	704	3416	2440	976	2379	1879	500	1713	1667	46

T = Total, M = Men, W = Women

Source: Statistical Office of the Slovak Republic (Regdat).

- **Human Development Index (HDI)**

### Human Development Index in Slovakia

Slovakia	2007	2008	2009	2010	2011	2012	2013
Ranking (from 187 countries)	31	32	33	35	35	35	37
HDI	0.825	0.824	0.829	0.826	0.827	0.829	0.830
HEALTH Index	0.84	0.842	0.844	0.846	0.848	0.850	0.852
EDUCATION Index	0.871	0.874	0.876	0.875	0.875	0.870	0.790
INCOME Index	0.772	0.775	0.769	0.774	0.776	0.780	0.740
Life expectancy at birth (years)	74.70	74.80	75.00	75.20	75.40	75.60	75.40
Mean years of schooling of adults over 25 (years)	11.60	11.60	11.60	11.60	11.60	11.60	n/a
GNI per capita in PPP terms (USD)	18,722	19,058	18,291	18,924	19,209	19,696	25,336

Source: Human Development Reports.



- **Gini-coefficient**

	2007	2008	2009	2010	2011	2012	2013	2014
Slovakia	24.5	23.7	24.8	25.9	25.7	25.3	24.2	26.1
European Union (28 countries)	n/a	n/a	n/a	30.4	30.8	30.4	30.5	31.0
European Union (27 countries)	30.6	30.9	30.5	30.4	30.7	30.4	30.5	31.0
Euro area (18 countries)	30.0	30.4	30.2	30.2	30.5	30.3	30.6	31.0

- **Collective agreement coverage**

**Number of sectorial collective agreements and their amendments in force**

	Number of HLCA	Number of amendments	Total
<b>2000</b>	29	43	72
<b>2001</b>	27	39	66
<b>2002</b>	35	26	61
<b>2003</b>	13	42	55
<b>2004</b>	17	29	46
<b>2005</b>	21	21	55
<b>2006</b>	18	19	42
<b>2007</b>	37	-	37
<b>2008</b>	37	-	37
<b>2011</b>	15	10	25

\***HLCA = Higher Level Collective Agreements**

Source: Ministry of Labour, Social Affairs and Family of the Slovak Republic

With the declining number of sectorial collective agreements, company level agreements are gaining more and more importance. These agreements apply to all employees in a given enterprise. Thus, the trade union organization within a company represents all employees, which proportionally enhances the importance and legitimacy of collective bargaining. Although sectorial collective agreements exist but they are only applied to certain companies of sectors mentioned in the agreement. Thus, sectorial collective agreements in fact only apply to the companies belonging to the employers' associations that have signed it.

- **Ongoing important collective bargaining agreements**

In 2015, collective bargaining at the level of individual industries showed, for the first time, significant differences between the private and public sectors. Collective bargaining between

the state, as the biggest employer, and the trade unions representing employees in public service saw very little excitement or protests as the parties agreed to a 4 per cent increase in employees' wages. But negotiations in the private sector were more complicated. The relevant trade unions in manufacturing industries are still in the process of collective bargaining and they all face the same refusals from employers when requesting an increase in wages. The employers' arguments are based on the need to modernise manufacturing equipment and more investment into the enterprise following a period of stagnation which, understandably, reduces the available funds that could be used to increase employees' wages. It is impossible at this time to predict the results of the collective bargaining. However, the basic demands of the employees – besides a wage increase – are the same as in the previous period: longer holidays, wage benefits for overtime work or for work on Saturdays and





Sundays, or various bonuses for being present at work. In coordination with European partners, Slovak trade unions have also proposed a reduction of overtime work and a general shortening of weekly working time from 40 hours to 37.5 hours.

- **Trade union density**

Determining trade union density in the Slovak Republic is a difficult task mainly because the number of members of individual branch trade unions or of the trade union confederation is not publicly available. Consequently, data from national and international sources differ. According to the ETUI, trade union density is around 17 per cent; national sources indicate lower membership density in the range of 10 to 15 per cent of the total number of employees. Unlike employers' associations, members of trade unions are fragmented into relatively many trade unions, which generally correspond to individual economic and social areas. In addition, not all trade unions are members of the umbrella organization – the Confederation of Trade Unions.

- **Employers' organizations density**

To specify employer's organizations density is even more difficult. Employers create various associations in individual economic sectors and it is common for one employer to be a member of several employers' associations or that smaller associations become members of larger employers' associations. However, the current trend observed in recent years is the split of employers' associations into smaller

groupings with their interests often connected around a major foreign company and its subcontractors. Employers are not interested in joining traditional employers' associations as these conclude sectorial collective agreements often guaranteeing employees more favourable working conditions and, under the current legal framework, are only applicable to the signatories of the collective agreement.

- **Workplace representation**

The Labour Code enumerates the forms of employee representation at a workplace. Trade union organizations, Works Councils, shop stewards and employee representatives for health and safety at work are exclusively considered as representatives. The most common form of employee representation at a workplace is a trade union. A trade union organization is established as a civic association on the basis of the association law and it only has to inform the employer about beginning its activities in the enterprise. A trade union, as a civil association, has to provide records to the Ministry of the Interior and has its own legal standing. A Works Council is established if an employer has at least 50 workers on the basis of the Labour Code. When an employer has at least three but less than 50 employees, a shop steward can operate. The rights and duties of a shop steward are identical with those of a Works Council. Several simultaneous forms of representation at a workplace are permitted.



• **Trade union mapping**

No publicly available central register of trade

unions exists in Slovakia and some branch unions are not members of the Confederation of Trade Unions

Trade union mapping	in National Language		In English
Name of TU Federation/ Confederation/Trade Union	Konfederácia odborových zväzov Slovenskej republiky		Confederation of Trade Unions of the Slovak Republic
Founding Year	1990		
Sector/Branch	All sectors		
Cycle of Congresses/ Last Congress	Every 4 years, Last Congress -- November 2012		
Important Functionaries (Chairman, President, International Secretary, Youth Leader, etc.)	Name	Function	Homepage
	Jozef Kollár	President	<a href="http://www.kozsr.sk">www.kozsr.sk</a>
	Dr. Slavomír Manga	Vice-president	<a href="http://www.kozsr.sk">www.kozsr.sk</a>
Number of Members (please comment on the official number applying a sensitive approach)	Approximately 300,000 members. Membership figures are not publicly available data.		
Cooperation in national committees	The Economic and Social Council of the Slovak Republic – a tripartite body – and Solidarity and Development Council		
Memberships	Regional Umbrella Associations		Global Umbrella Associations
	ETUC		ITUC ILO

Trade union mapping	in National Language		in English
Name of TU Federation/ Confederation/Trade Union	Odborový zväz KOVO		Metalworkers' Federation
Founding Year	1993		
Sector/Branch	Machine engineering, metallurgy, electrical industry, part of public transport and public administration		
Cycle of Congresses/ Last Congress	Every 4 years, last congress – 17 – 18 May 2013		
	Name	Function	Homepage



Important Functionaries (Chairman, President, International Secretary, Youth Leader, etc.)	Emil Machyna	President	www.ozkovo.sk
	Monika Benedeková	Vice-president	www.ozkovo.sk
	Timea Szaboova	Youth Leader	
Number of Members (please comment on the official number applying a sensitive approach)	Number of members of the Labour Union OZ KOVO is not officially available.		
Cooperation in national committees	OZ KOVO representatives are members of the Confederation representation in national committees.		
Memberships	Regional Umbrella Associations	Global Umbrella Associations	
	IndustriAll European Trade Union	IndustriAll Global Union	
	EPSU	PSI	



• **Employer Association Mapping**

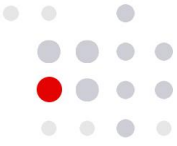
No central register of employers' associations exists in Slovakia. Some employers' associations bring together employers in specific sectors or they can be members of larger employers' associations (for example

for the purpose of negotiating within the Economic and Social Council of the Slovak Republic). These associations are the largest ones, and also most representative as they associate most employers' organizations in a particular sector.

<b>Employer Association Mapping</b>	in National Language		in English
Name of the association	Republiková únia zamestnávateľov		The National Union of Employers
Founding Year	2004		
Sector/Branch	All sectors		
Cycle of Congresses/ Last Congress	Every 4 year, last congress – 24 April 2015		
Important Functionaries (Chairman, President, Director, etc.)	Name	Function	Homepage
	RNDr. Miroslav Kiraľvarga	President	www.ruzsr.sk
	Ing- Ľuboš Sirota	Vice-president	www.ruzsr.sk
	Ing. Jaroslav Holeček	Vice-president	www.ruzsr.sk
Number of Members	26 employers' organizations and 14 individual members		
Cooperation in national committees	The Economic and Social Council of the Slovak republic, Solidarity and Development Council		
Memberships	Regional Umbrella Associations	Global Umbrella Associations	
	Business Europe, PSLO Network	IOE	
	ECOSOC	BIAC (OECD)	



Employer Association Mapping	in National Language		in English
	Name of the association	Asociácia zamestnávateľských zväzov a združení Slovenskej republiky	Federation of Employers' Associations of the Slovak Republic
Founding Year	1991		
Sector/Branch	All sectors		
Cycle of Congresses/ Last Congress	Every 4 year, last congress – 14 April 2015		
Important Functionaries (Chairman, President, Director, etc.)	Name	Function	Homepage
	Tomáš Malatinský	President	<a href="http://www.azzz.sk">www.azzz.sk</a>
	Roman Karlubík	Vice-president	<a href="http://www.azzz.sk">www.azzz.sk</a>
	Rastislav Machunka	Vice-president	<a href="http://www.azzz.sk">www.azzz.sk</a>
Number of Members	21 employers' associations		
Cooperation in national committees	The Economic and Social Council of the Slovak republic, Solidarity and Development Council		
Memberships	Regional Umbrella Associations	Global Umbrella Associations	
		IOE	
		ICIE	



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