

RESEARCH

REPORTS

RECOMMENDATIONS

SŁAWOMIR ADAMCZYK

AN UNCERTAIN FUTURE OF COLLECTIVE BARGAINING IN CENTRAL AND EASTERN EUROPEAN COUNTRIES

INSTITUTE OF
PUBLIC AFFAIRS

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Social Policy Programme

This report is one in a series presenting the findings of research carried out in Bulgaria, Czechia, Croatia, Estonia, Latvia, Lithuania, Hungary, Poland, Romania, Serbia, Slovakia and Slovenia as part of the project CEE CAW ‘Challenges for Organising and Collective Bargaining in Care, Administration and Waste collection sectors in Central and Eastern European Countries’, which was led by the Institute of Public Affairs (Warsaw). The other partners were the: Bulgarian Academy of Sciences (Sofia), Central European Labour Studies Institute (Bratislava), Lithuanian Centre of Social Sciences (Vilnius), and Centre for Democracy Foundation (Belgrade).



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This report is part of the project ‘CEECAW: Challenges for Organising and Collective Bargaining in Care, Administration and Waste collection sectors in Central Eastern European Countries’ carried out by the Institute of Public Affairs in cooperation with research centres and experts from 12 Central and Eastern European countries (CEE), and in partnership with the European Federation of Public Service Unions, EPSU. The project was co-financed by the European Commission’s Directorate-General for Employment. It is a research effort to identify the state of collective bargaining with recommendations for its development in the countries of the region in three key public service sectors: care services, public administration and waste management. The background to this initiative is Directive 2022/2041/EC of the European Parliament and of the Council of 19 October 2022 on Adequate Minimum Wages in the EU (hereafter: the AMW Directive), which for the first time in the history of European integration, provides guidelines, in Article 4, for the promotion of collective bargaining by EU Member States. The CEE post-communist countries, that became members of the EU as a result of the 2004/2007 enlargement, as well as Serbia, which has candidate status, were included in the research.

This comparative report briefly discusses the factors affecting the possibility of promoting collective bargaining in light of the requirements of Article 4 of the AMW Directive. It is based on national reports available on the project’s website¹. As the reports mostly focus on national industrial relations and contain particularities that are important for national actors, this text is not a simple compilation of the national information but rather a reflection based on the analysis of the facts and circumstances presented which are specific to the whole region.

As regards methodology, it should be stressed that the national reports were not only based on desk research but also interviews with representatives of the main industrial relations actors (trade unions, employers, and public authorities) in the countries of the region and therefore provide a valuable basis for the present analysis.

1 Link: <https://www.isp.org.pl/en/projects/ceecaw-challenges-for-organising-and-collective-bargaining-in-care-administration-and-waste-management-sectors-in-central-eastern-european-countries>

As a result of this comparative exercise, the conditions for strengthening collective bargaining systems in the region will be discussed and outlined, together with appropriate recommendations.

1. Introductory remarks—setting the scene

For trade unions, collective bargaining is the essence of their existence. The structure, scope of bargaining, and general trends in bargaining processes have a fundamental impact on the quality of industrial relations. In most of the so-called old EU Member States, which have followed the principles of the European social model for years, collective bargaining agreements have been an important instrument regulating labour-capital relations and setting employment conditions since 1945 (Traxler and Behrens, 2002). Their structure varies considerably from country to country, but multiemployer bargaining dominates (Schulten, 2005). For the state and employers, the main functions of collective bargaining in a market economy are to ensure social peace and increase productivity, while for workers it has a protective function (Traxler, 1998).

For years, collective bargaining has been considered a necessary condition to ensure that workers receive a fair share of the company's profits while taking into account the need to remain competitive. This provided an appropriate balance: labour-capital. In turn, sectoral collective bargaining helped to avoid downward wage competition that was dangerous for both workers and entrepreneurs. However, the delayed effects of the Washington Consensus promoting competitiveness at all costs as the highest good have been contributing to the destruction of this model.

Tensions and processes are emerging that pose serious challenges to the current form of collective bargaining systems in EU countries. These are external—resulting from the pressures of globalisation, climate change, and the general tendency to modify the nature of work, forced among other things by technological changes favouring the emergence of new forms of work provision—but also internal—which is above all a consequence of the asymmetry between the economic and social dimensions of the integration process—for many years the designers of the European single market's development have tried to miss its social cross-border consequences for workers (Scharpf, 2010). It was not until the adoption of the European Pillar of Social Rights in 2017 that the EU elites came to their senses (however, this was

far too late). Currently, collective bargaining at a national level is not always able to face up to the mechanisms of the European single market, which in many cases are supported by the growing pressure of capital to achieve competitive gains by reducing unit labour costs (Gumbrell-Mc Cormick and Hyman, 2013). Particular 'merit' here goes to multinational corporations which, using the bogeyman of reorientation of investment activity or relocation of production, can exert effective pressure on trade union behaviour. The trade unions, in turn, are still unable to develop their own vision of how to conduct collective bargaining across borders within the EU to confront corporate strategies. Furthermore, it is worth realising that since the 1980s there has been a so-called 'great doubling' of the global workforce, as the global labour market has expanded to include citizens of post-colonial countries. This also has a limiting effect on the bargaining power of trade unions from developed capitalist countries.

A noticeable phenomenon has been the transformation of collective bargaining in the European Union from an offensive action on the side of the workers to a defensive action, in an attempt to defend the existing status quo. This threat became visible during the fiscal crisis of 2008–2009 which triggered processes of legal change in many EU countries that reduced employment stability, e.g. in terms of universal protection against dismissal, shortening the length of notice periods or facilitation of atypical employment contracts (Schömann 2014). In this context, it is worth noting the increasing popularity of so-called concession bargaining. This is bargaining which, at its core, is an attempt to counteract a reduction in the number of jobs by having unions agree to unfavourable arrangements involving a reduction in wage (usually concerning bonuses of various kinds rather than basic pay) and less favourable working time arrangements (an increase in working time flexibility). In most cases, this means a temporary departure from the provisions of sectoral collective agreements, but it is accompanied by a shift in the centre of collective bargaining to the company level, which may weaken trade union solidarity and lead employers to seek competition through labour costs.

Where do the countries of Central and Eastern Europe fit into this jigsaw with their weak sectoral bargaining, their trade unions' inability to coordinate bargaining demands both vertically (from central organisation to company level) and horizontally (in the sectoral dimension), and their employers' environment focused mainly on simply their own enterprises without seeing a wider perspective? These countries are definitely in a very uncomfortable

situation, in which the social partners do not have the tools to develop, for example, a joint response to the objective challenges facing the world of work known as the twin transition (i.e. the combination of policies on adaptation to climate change and to the digitalisation of the economy), apart from relying on the goodwill of the state, which, after all, is not always able to propose sustainable solutions or does not propose them at all (for example, in Poland, the very fragmented strategy on the impact of the digitalisation and automation of the work environment does not take into account the workforce situation). In this context, we should consider the opportunity that the AMW Directive, one of the main objectives of which is to promote collective bargaining, represents the future of the labour-capital relationship.

The adoption of this very Directive represents a radical shift in the way the EU institutions look at wages and collective bargaining compared to the policies pursued during the previous Eurozone crisis. It is worth remembering that more than a decade ago the situation was completely different. The European Commission's Directorate-General for Economic and Financial Affairs recommended a reduction in statutory minimum wages and the scope of collective bargaining and a general reduction in trade unions' wage-setting powers, presenting this as 'employment-friendly' reforms (Müller and Schulten 2022).

The initiative for a minimum wage directive presented by Ursula von der Leyen, the President of the European Commission, did not initially explicitly mention collective bargaining. However, in response to the consultation launched by the European Commission, the European Trade Union Confederation, ETUC, strongly emphasised the need to include this element in the future directive. And this has been done. Directive 2022/2041/EC on Adequate Minimum Wages in the EU of 19 October 2022 states in its preamble that traditional collective bargaining structures are being eroded, due to inter alia structural changes in the economy and the precarious forms of employment. As collective bargaining at a sectoral and inter-professional level is essential to ensure adequate minimum wages, it should be promoted and strengthened (recital 16). To this end, any Member State with a collective bargaining coverage rate of less than 80% should adopt measures to make collective bargaining more widespread and draw up an action plan to promote them (recital 25).

The preamble guides the interpretation of the AMW Directive's provisions. For the practical application of the Directive, Article 4 is crucial. Paragraph 1

contains a number of provisions obliging Member States to make sure that the conditions are in place for effective collective bargaining on wages. These include the following elements: promoting the development and strengthening of the capacities of the social partners, particularly at sectoral or cross-industry level; encouraging constructive, meaningful and informed bargaining on wages between the social partners on an equal basis; taking appropriate measures to protect the exercise of the right to collective bargaining in wage determination and to protect workers and trade union representatives from discriminatory actions; and protecting both parties involved in or wishing to enter into negotiations from any acts of interference with each other. The aim is to increase the coverage of collective bargaining and to facilitate the exercise of the right to collective bargaining in a wage setting.

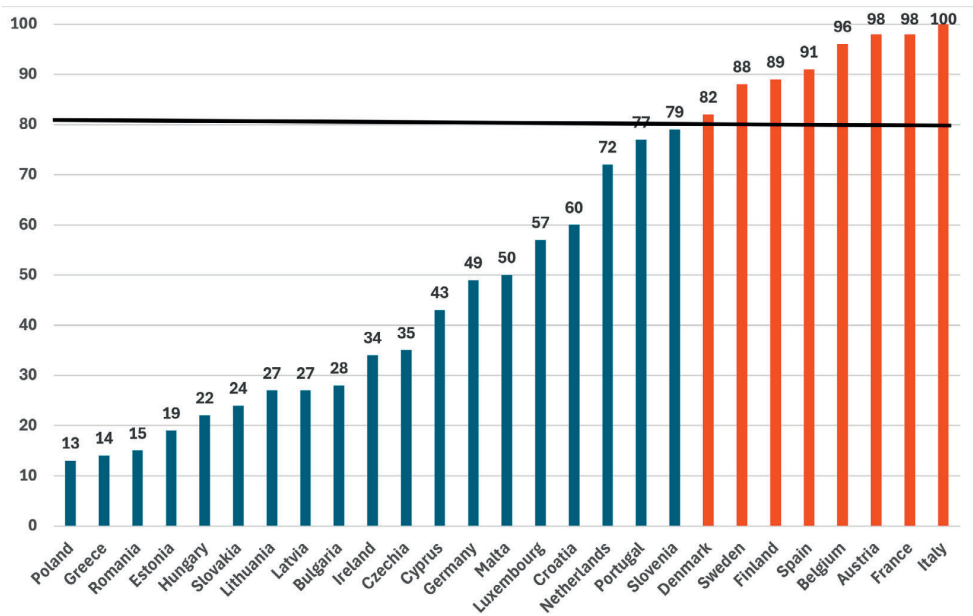
According to Article 4(2), Member States where the percentage of workers covered by collective bargaining is less than 80% are required to take 2 actions: create a framework of conditions conducive to increasing the coverage of collective bargaining and draw up an action plan to promote collective bargaining. The threshold indicated above should be seen as an indicator triggering the obligations indicated above, rather than a mandatory target to be achieved. This means that the Directive in this regard imposes an obligation of action and not of result. The development of a framework of conditions conducive to collective bargaining is solely up to Member States. Here, the Directive offers two options: Member States may enact appropriate legislation after consultation with the social partners, or such a framework may be established jointly by the Member State and the social partners.

With regard to the action plan, the Directive does not prescribe specific content, leaving it to the discretion of the Member States per national traditions and practices and respecting the autonomy of the social partners. However, the action plan should meet certain minimum requirements, namely a clear timetable and concrete measures to ensure the effectiveness of the solutions envisaged. It should be reviewed at least every five years and updated if necessary. Concerning its preparation, three options are envisaged: the decision by the Member State after consultation with the social partners; joint preparation in the framework of the tripartite dialogue; and adoption by the social partners themselves followed by the Member State. Whichever option is chosen, the Member State must publish the plan and notify the European Commission. Although the Directive does not set a specific deadline for the adoption of the action plan, Member States with collective bargaining coverage of less than 80% are expected to develop one by the end of 2025.

A practical guide on how to interpret the provisions of the Directive has been published on the European Commission’s website².

While each Member State is legally obliged to establish an action plan, the successful implementation of the plan is by no means a foregone conclusion — partly because there are no sanctions for non-compliance with the requirement to establish and implement it. Thus, the extent to which the AMW Directive can contribute to the promotion of collective bargaining at a national level depends largely on whether the relevant political actors take the initiative and are able to implement appropriate measures (Müller and Schulten 2022). Therefore, a monitoring process is of key importance.

Graph 1. Collective bargaining coverage in EU countries vs. the 80% criterion.



Source: Dr. Torsten Müller, ETUI, 2025.

The 80% threshold is very ambitious. Initially, the working discussions referred to a lower limit for taking corrective action with regard to collective bargaining coverage. According to current statistics, only 8 EU Member States achieve this threshold.

² <https://ec.europa.eu/social/BlobServlet?docId=27246&langId=en>

⁸ Sławomir Adamczyk

As mentioned at the beginning, the AMW Directive is a breakthrough in seeing collective bargaining as an important element of the ‘European project’. Its staunchest opponent was and still is the European employers’ representation, BusinessEurope. In addition, the draft Directive was met with fundamental protests from the Scandinavian countries, attached to their own collective bargaining models based on a highly developed autonomy of the social partners. Both Denmark and Sweden voted against the Directive in the EU Council. The former challenged the Directive before the EU Court of Justice in January 2023³. In April 2023, the Swedish government joined this complaint. At the date of writing this report, a ruling has yet to be made, however, an ominous prognosis is the opinion of Nicholas Emiliou, Advocate General of the Court, delivered on 14 January 2025, indicating that the adoption of the Directive exceeded the competence of the EU and should therefore be rejected in its entirety⁴. The Advocate General’s opinion is a huge disappointment for European trade unions (excluding, of course, the Nordic unions, which are clearly critical of the Directive itself). The EU Court of Justice must now rule on whether, in legal terms, the EU legislator has disregarded the Treaty. The Court’s decision, which is probably expected in May 2025, will be crucial for the future of collective bargaining, particularly, in the post-communist countries of Central and Eastern Europe, but above all for the vision of the EU as a social, not just an economic, community.

2. A brief insight into labour markets and industrial relation determinants in Central and Eastern Europe

For CEE countries, the issue of the relationship between labour markets and industrial relations is particularly relevant. With the onset of socio-political transformation and a move away from authoritarian systems of economic management, CEE governments engaged in intense competition for foreign capital and shares in export markets and introduced a series of reforms leading, among other things, to a reduction in the share of labour in income and a reduction in the protection of workers. This had a direct impact on the newly emerging industrial relations systems. Therefore, within the

³ Case C-19/23

⁴ <https://www.socialeurope.eu/eu-minimum-wage-directive-before-the-european-court-of-justice-its-not-all-over-now>

framework of this project, the question about the structure of labour markets has a profound justification. The picture we get is quite predictable. The labour markets in the countries of Central and Eastern Europe experienced violent upheavals resulting from the transition from a centrally controlled economy at the end of the 20th century. This was manifested in many cases by high unemployment rates associated with employment restructuring, often carried out in a very brutal way without providing adequate social protection. A degree of stability has now been achieved, albeit with a great deal of uncertainty. Unemployment rates in CEE Member States are clearly below the EU average, apart from in the Baltic States, which is probably due to the extremely liberal model adopted there, which can be read about later in the report.

Table 1. Unemployment rate in November 2024 (%)⁵.

BG	CZ	EE	HU	HR	LT	LV	PL	RO	SK	SI	EU	RS
3.9	2.8	7.5	4.5	4.5	6.9	6.8	3.0	5.3	5.3	5.2	5.9	8.1*

Data: Eurostat, [Extra tables Statistics explained.xlsx](#), *[Home | Statistical Office of the Republic of Serbia](#).

In addition to stability, the degree of flexibility is also important. All countries in the region are characterised by a lower rate of temporary work than the EU average, which was 11.7% in 2023. The exception is Poland, where the rate is still higher because of past experiments to force a rapid reduction in unemployment (14% in 2021), although this is on a downward trend. An analysis of employment through temporary work agencies shows that only Estonia and Slovakia (and to a lesser extent Slovenia) are clearly above the EU average of 2.4%. The other countries in the region are well below the EU average. Within the region, the percentage of self-employed people varies considerably, ranging from 18% in the case of Poland to 9.7% in Bulgaria, with the EU average being 13.2% (2022). The phenomenon of bogus self-employment is undoubtedly a problem; for example, in the case of Slovakia, it is estimated that it accounts for 30% of self-employed in the country. Depending on the country, there is a decrease (Romania) or an increase (Croatia) in the development of the presence of this bogus form in the labour market. A common problem

⁵ Abbreviations of country names according to ISO 3166-1 (alpha 2) standard used by the EU: BG — Bulgaria, CZ — Czechia, EE — Estonia, HU — Hungary, HR — Croatia, LT — Lithuania, LV — Latvia, PL — Poland, RO — Romania, RS — Serbia, SK — Slovakia, SI — Slovenia.

for labour markets in the region is the shrinking labour supply due to an ageing population and migration to the old EU Member States under freedom of movement of people. However, the attractiveness of labour markets is still sustained by a combination of lower labour costs and the presence of skilled workers, which is conducive to attracting foreign direct investment. The presence of foreign workers, including those from outside the EU, is also growing. In Poland, an estimated one million people on the labour market are foreign workers, mainly from Ukraine, and the country has suddenly become one of the global leaders in the absorption of third-country workers. In Slovenia, 16% of workers come from abroad.

It is expected that automation and robotisation can improve labour productivity even in a labour shortage situation experienced in the whole region⁶. At the same time, however, overly stringent Green Deal criteria may translate into job leakage in many sectors. Therefore, the current state of labour markets in the region could change drastically. Compared to EU Member States, an analysis of the situation in Serbia — one of the important candidate countries — shows symptoms of advanced disorganisation with an increased share of informal and precarious work.

With regard to the national industrial relations and collective bargaining systems, the country reports show many similarities, although there are also notable differences. These may be due both to historical circumstances and to a certain drift of industrial relations in Central and Eastern European countries towards Western European models corresponding to the ruling political elites. This is discussed in the next section of the report. And it must be pointed out straight away that this does not fit into the classic definition of varieties of capitalism.

Here, the conclusions emerging from the country reports prepared as part of the CEECAW project will be cited in alphabetical order of the country.

The Bulgarian industrial relations system is characterised by a variety of tripartite dialogue structures at the sectoral and, in some cases, territorial (municipal) levels. Despite pressure exerted by foreign capital on sectoral bargaining attempts, the extent of collective bargaining is still relatively high

6 <https://www.statista.com/topics/12036/labor-market-in-cee/#topicOverview>

compared to other CEE countries, and this is despite a significant decline in trade union numbers.

Regarding Croatia, the industrial relations system has been identified as reasonably effective in collective bargaining at all levels. In the private sector, bargaining is decentralised, while in the public sector, it is centralised. Although the number of collective bargaining agreements has remained fairly stable in recent years (580 in 2021 compared to 570 in 2014), the reluctance of the employer community to the very idea of collective bargaining observed during the interviews may be a cause for concern, justified by the rigidity of the existing labour law.

In Czechia, company-level bargaining dominates although there is a possibility to bargain at an upper level. This is despite the relatively high level of organising of employers' representation (45%). However, these entities, especially multinational corporations, do not want to engage in bargaining at a sectoral level.

In Estonia, with a low level of unionisation (7%), the legal possibility to extend collective agreements is crucial. However, very strict rules adopted in 2021 (15% or 500 employees in a given area) have severely limited the situation of small trade unions, which also negatively affects their ability to attract new members.

Industrial relations in Hungary are characterised by a significant fragmentation of union representation at a national level and the existence of a phenomenon known as conflictual trade union pluralism. This makes it difficult to conduct coherent collective bargaining, especially at the workplace level. In addition, it is a CEE country with highly developed dual employee representation at the workplace level (trade unions and works councils). Tripartite social dialogue de facto ceased to exist when, in 2010, the ruling Fidesz party, consistently pursuing its own vision of shaping the labour market without the participation of the social partners, abolished the existing tripartite body, the Forum for the Reconciliation of National Interests, which meets ILO criteria. In 2012, a new Labour Code was adopted, which paved the way for a workfare regime and introduced a wide range of deregulation and increased labour market flexibility, while severely restricting collective labour rights and virtually abolishing autonomous social dialogue at the national level (Gyulavári and Kártyás, 2018).

In Latvia, collective agreements can also be concluded at multiple levels. However, sectoral bargaining is not very effective. A unique feature of industrial relations is that other actors besides trade unions are allowed to conduct collective bargaining (so-called employee representatives). Therefore, trade unions are trying to bring about changes in the law that would exclude this option and ensure that the terms of collective agreements only apply to trade union members. However, employer representatives oppose these changes, arguing that collective agreements favouring only trade union members would be discriminatory towards other employees.

In Lithuania, the sectoral level of collective bargaining in the private sector is basically non-existent except in one case—the furniture industry. Employers' organisations are reluctant to take on the role of sectoral social partners and/or to sign collective agreements, claiming that they do not have the mandate from their members to do so. Things have started to get better in the public sector where they have recently succeeded in getting public authorities to conclude a collective agreement for a number of sub-sectors, although with little added value in comparison to existing legal regulations. However, this has led to a significant increase in collective bargaining coverage, which can be presented by the authorities as a success in the implementation of Article 4 of the AMW Directive.

Poland has a hybrid industrial relations system with a strong emphasis on tripartite dialogue at a central level, which takes place within the Social Dialogue Council and the tripartite sectoral dialogue teams. Bipartite dialogue takes place predominantly at the level of individual workplaces. However, negative trends can be observed here. Employers are increasingly terminating existing collective agreements and are instead proposing to introduce only wage regulations, which are consulted with trade unions. As for the supra-company level, most of the dozen or so sectoral supra-company agreements concluded after 1994 (i.e. after the introduction of such a possibility in the Labour Code) have either been terminated or the employers' organisations that were parties to them have been dissolved. As a result, Poland has the lowest collective bargaining coverage in the entire EU (according to conservative estimates, it is about 13%). One of the main reasons for this is a lack of interest on the part of public authorities (of whatever ideological persuasion) in promoting collective bargaining. This has been described by researchers as a 'hostile state neutrality' (Pisarczyk, 2023). Therefore, improving this state of affairs has become one of the 'milestones'

of the National Reconstruction Plan resulting in the proposal of a new collective bargaining law (so it is not just the effect of a directive).

In the case of Romania, the ineffectiveness of the national industrial relations system is highlighted, with a significant gap in the training of union leaders, which affects their ability to conduct effective collective bargaining and implement marketing strategies to attract younger workers to the unions. In recent years, legislative initiatives have been taken to improve the state of collective bargaining. An external positive factor for change has been the European Union's Instrument for Reconstruction and Enhancement of Resilience, which has influenced the implementation of the Social Dialogue Act. It is worth noting that Romania, which was perhaps the only new EU member state to have a developed sectoral bargaining system, was subjected in 2011 to a radical 'cleansing' of collective labour law by the then government, which was described as authoritarian neoliberalism (Trif, 2013). As a result, the collective bargaining system was trashed (Barbuceanu, 2012), on top of which trade union protests resulted in the arrests of their leaders, causing serious concern for the International Labour Organisation. This period is shadowed by the lack of a decisive response from the EU institutions, which only confirms the thesis that until the late 2000s, they were not particularly interested in promoting collective bargaining. However, the situation is slowly improving, but sectoral bargaining has still not been restored to its former state and most collective bargaining takes place in the public sector.

Regarding Serbia, the situation is rather confusing, as in the absence of trade unions, negotiations on the conclusion of collective agreements can be conducted by employee representatives. The 2014 legislative reform undermined the status of most collective agreements previously in force. In practice, apart from construction, there are no sectoral collective agreements. The country report points to a crisis of social dialogue.

Industrial relations in Slovakia are characterised by the presence of social dialogue structures at tripartite and bipartite levels. However, they are strongly characterised by a hierarchical trade union structure inherited from the period of state socialism. Although sector-type agreements are being concluded and attempts are being made to expand them, the main problem is that they have little added value and, in many cases, they copy existing labour law provisions. In addition, there is a noticeable intensive use of opt-out clauses by employers, allowing them to deviate from the provisions of collective agreements.

The industrial relations system in Slovenia has for many years been based on the model used in neighbouring Austria, where mandatory membership of employers in chambers of commerce, which also act as social partners, ensures almost 100 per cent coverage by collective agreements. However, there is currently some erosion of this model from Slovenia with decreasing sectoral bargaining coverage, yet it is still an indicator that outperforms other countries in the region. The quality of social dialogue has been negatively affected by the significant fragmentation of the trade union movement (48 representative trade unions).

In the Global Rights Index 2024 published by the International Trade Union Confederation, Hungary and Serbia are classified as countries with systematic violations of labour rights (rating 4), Bulgaria, Poland, and Romania — with regular violations (rating 3), while the other countries surveyed are in a group with better ratings (rating 2)⁷.

3. The evolution of industrial relations models in Central and Eastern Europe

To understand the relevance of Article 4 of the Directive for CEE, also in the context of the considerations outlined earlier, it is necessary to look at a categorised interpretation of industrial relations. Attempts to classify industrial relations systems have a long history but gained particular prominence with the publication of ‘Varieties of Capitalism’ (Hall and Soskice 2001), which distinguished two dominant trends in the development of market economies: liberal market economies (e.g. USA, UK, Canada, Australia, New Zealand, Ireland) and coordinated market economies (e.g. Germany, France, Japan, Sweden, Austria). While it has been possible to identify fairly accurately the industrial relations models of Western European countries based on the criteria defined there, difficulties arise when it comes to the post-communist countries of Central and Eastern Europe. A suggestion for a certain solution comes from the concept of the dependent market economy (DME), in which the role of foreign capital, i.e. multinational corporations which entered CEE with impetus on the transformation of the region, is crucial (Nölke and Vliegenthart, 2009). This is followed by the emergence of comparative advantages, which, however, to be effective, preclude the development of effective wage bargaining systems. There has also been a rather desperate attempt

⁷ <https://www.ituc-csi.org/full-report>

to include CEE countries in the classification of the European Social Model of industrial relations, prepared for the European Commission (Visser, 2008).

However, it is not that simple. On the one hand, these countries share the common denominator of years of living under an authoritarian socio-political system. On the other hand, however, there are noticeable differences. There have been attempts among researchers to define sub-models of industrial relations specifically for the region, for which the starting point would be the economic policies pursued in the individual countries (Bohle and Greskovits, 2012). The Visegrad countries (Czechia, Poland, Slovakia, and Hungary) are presented in such a perspective as an example of entrenched neo-liberalism, where the economy becomes more dependent on foreign direct investment inflows, institutions characteristic of the welfare state are maintained and the state creates an appearance of interest in the development of privatised sectors of the economy by making occasional attempts to intervene in crisis situations. In contrast, the model of the Baltic States, which also includes Bulgaria and Romania, has the characteristics of a purely neoliberal economy with an increasingly limited role for the state and its fiscal policy and residual forms of the welfare state. Slovenia, on the other hand, is presented as a neo-corporatist type of coordinated market economy — similar to those found in the EU-15.

In an attempt to comprehensively capture the specificity of industrial relations in Europe, the concept of 5 clusters emerged, taking into account additional elements affecting labour-capital relations (Davoine et al., 2008). The northern cluster included Sweden, Denmark, Finland, and the UK. It was characterised by high rates of participation in education and training, high employment rates, and high levels of job satisfaction. The continental cluster included Germany, France, Belgium, Luxembourg, Austria, the Netherlands, Ireland, and Slovenia. The southern cluster included Spain, Italy, Portugal, Greece, and Malta. It showed high drop-out rates and a large gender gap in employment, with low levels of education and training. For the new EU Member States, 2 clusters were identified. The first included Poland and Slovakia, with high long-term unemployment rates and low employment rates, while the second consisted of other new EU members (Estonia, Latvia, Lithuania, Cyprus, Czechia, Hungary, Bulgaria, and Romania) with low productivity levels but high productivity growth rates. It should be noted that the Western Balkan Member States are not included in this categorisation. And in general, this is highly debatable. However, something else is at stake. Industrial relations in

the Central and Eastern European countries show a considerable lability that makes it impossible to classify them unambiguously, despite their common post-communist roots (Adamczyk and Surdykowska, 2014; Czarzasty, 2024). This is confirmed by the research outlined above (Gardawski and Towalski, 2020). In the case of Bulgaria, for example, it has been noted that the country has undergone a profound transformation in the area of the labour market and industrial relations. While in 2005 it was possible to speak of institutional convergence towards the continental model, by 2014 the picture had changed significantly — the institutional features of the labour market and industrial relations had become most similar to the Anglo-Saxon model. Croatia, starting from the continental model, has now started to represent features of the Mediterranean model, i.e., among other things, the strong role of the state as a regulator and the conflictual nature of relations between social partners. In Czechia, in contrast to many other Central and Eastern European countries, the basic elements relevant to the continental model have been preserved. The Baltic countries formed a distinct group characterised by relatively low levels of social security and expenditure and flexible labour markets, which began to bring them closer to the Anglo-Saxon model, but not completely, given the institutional involvement of the social partners in socio-economic policy-making. Hungary experienced a transformation from the continental model during the country's accession to the Anglo-Saxon model today, which is also true for Romania and Slovakia, which have experienced a shift in their labour market and industrial relations system from the continental model towards the Anglo-Saxon model. Poland could initially be identified with the Mediterranean model due to its high share of precarious employment and conflictual trade union pluralism. However, there is now a clear shift towards the continental model. Slovenia has for many years been regarded as a country where a corporate system has successfully developed. The similarities with the continental model in the area of industrial relations were very clear during EU accession. At present though, it is difficult to classify industrial relations in the country, apart from the increasing importance of features of the southern (Mediterranean) model.

The above considerations were necessary to indicate that the countries of Central and Eastern Europe, despite their common post-communist heritage, sometimes go in different directions when it comes to industrial relations systems. The lability identified here indicates that it is difficult to provide a unified recipe for reviving collective bargaining in the countries of the region, although some measures seem obvious.

4. The approach to the AMW Directive and preparation of action plans

The analysis of the national reports leads to a clear conclusion. In the vast majority of cases, the attention of politicians, but also trade unions, is focused on the part of the Directive dealing with the setting of the minimum wage. The exception is Poland, where the mechanism adopted in 2002 for setting minimum wage increases on the basis of objective macroeconomic indicators works well in practice, according to trade unions. Therefore, their main focus is on ensuring that the Directive does not become a pretext for lowering existing standards. The main factor in the AMW Directive that can change the unsatisfactory situation concerning collective bargaining (as recognised by all national experts) is the legally binding development of action plans, wherever collective bargaining coverage is below 80%. The following picture of the situation based on national reports submitted by the end of November 2025 (only the report for Poland is more up-to-date).

In **Bulgaria**, no concrete steps have been taken to discuss the establishment of an action plan, but according to interviews with the social partners, the proposal for legislative changes should include such a plan to be adopted by the Council of Ministers for a period of five years. However, it is not clear what it would contain.

In **Croatia**, the trade unions considered that the requirements of the Directive concerning minimum wage setting were already fulfilled and therefore the basic task would only be to create an action plan to promote collective bargaining. After a discussion at the National Economic and Social Council, a working group was set up which started its work with one meeting in June 2023 and another in March 2024. Unfortunately, the Ministry of Labour has not taken any further action on this issue since then and it is not very clear what the effects have been so far.

In **Czechia**, the Ministry of Labour and Social Affairs contacted the social partners to get them to provide their suggestions for action plan measures in the summer of 2024. Since then, an expert group of social partners has been meeting to formulate a proposal. The Ministry has been mediating this process, sorting the proposals into those that can be implemented (green light), those that need to be discussed (yellow light), and those that do not comply with international agreements and are therefore impossible to implement

(red light). However, in the government's view, more complex measures and legislative changes are not to be expected soon, as public demand for comprehensive changes in labour law, and especially in collective bargaining legislation, is low.

In **Estonia**, there is no discussion of a plan to increase collective bargaining coverage between the government and the social partners, but there is a plan to promote social dialogue at the government level. The main activities concerning the implementation of the Directive concern the rules for setting the minimum wage.

In the case of **Hungary**, the only noticeable activity concerning the Directive is consultation with the social partners on the increase of the minimum wage for the coming years. This represents a key step towards achieving the 50% target. In contrast, according to national expert, no information is available on the preparation of an action plan.

Within **Latvia**, the Action Plan for the Promotion of Collective Bargaining is currently at an early stage and ideas are being discussed between the social partners. According to a representative of the trade union, LBAS, it was this organisation that first put forward proposals and called on the government to start developing an action plan to provide for legislative changes that would allow for the regulation of working conditions through collective agreements, establishing a preference for situations where such agreements exist between workers and employers, rather than those where they do not. In addition, the topic of statistics on collective agreements is under discussion.

In **Lithuania**, the situation is quite specific, as the preparation of the action plan is to take place within the framework of projects implemented by the government and concerning the development of social dialogue. Within this framework, a plan is to be prepared for the preparation of amendments to labour law and other legislation related to collective bargaining. However, it is not specified what exactly these initiatives will be. Some of them may be related to the deregulation of labour law, the development of criteria to be met by employers' organisations, and the introduction of procurement rules that favour the promotion of social dialogue. However, there is not yet a broad consensus among institutions and organisations on such new legislative initiatives.

In **Poland**, the Ministry of Labour sent the first enquiry to the social partners in the Social Dialogue Council (tripartite body at cross-sectoral level) regarding the procedure for preparing the action plan indicated in Article 4 of the Directive as early as June 2023, i.e. before any legislative work on the implementation of the Directive had been undertaken. At that time, the trade unions considered that such a plan should be prepared by the government in cooperation with the social partners. Further, they reiterated their view that the action plan should propose concrete legislative changes to promote collective bargaining. The employers' organisations, in turn, considered that they would not enter into discussions in this area without knowing the target shape of the government's legislative initiative. Unfortunately, the draft law implementing Article 4 of the Directive in January 2025 has still not been presented to parliament by the government. According to an interviewee from NSZZ Solidarność, (one of 3 representative trade union organisations at a cross-sectoral level), such an action plan should include references to at least: the development of the representativeness of employers' organisations at the national level, based on negotiating capacity; media and educational campaigns, using the support of public authorities (including the promotion of collective agreements in the mainstream media); the development of a system allowing for the inclusion in collective agreements of provisions on benefits for employees, that would be directly linked to certain positive consequences for employers in terms of social security and tax exemptions and the development of mechanisms for the promotion of collective agreements through a public procurement mechanism.

In **Romania**, the proposed legislation includes the creation of an action plan to strengthen collective bargaining, with specific deadlines and measures to gradually increase its coverage. This initiative aims to improve the working and living conditions of workers. In addition, the proposed legislation specifies that the action plan will be developed in consultation with the social partners within the Tripartite Social Dialogue Council. Moreover, the legislation will be reviewed periodically, at least every five years, to promote an increase in the national rate of collective bargaining coverage, aiming for 80%. However, there have still not been any steps taken to establish an action plan to improve collective bargaining. According to the Ministry of Labour and Social Solidarity, justification of the proposed legislation, a draft government decision on an action plan to promote collective bargaining, will be initiated once the law is approved.

In **Slovenia**, no initiative has been taken on the action plan as it is assumed that Slovenia is in principle compliant with the requirement concerning the scope of collective bargaining coverage. According to available Eurofound data, 78% of workers in Slovenia are covered by collective agreements and consequently, no significant or concrete actions are needed in the opinion of social partners. However, it is worth noting that Slovenia has no official data on the extent of collective bargaining. A representative of the Ministry of Labour explains that statistical data is still being collected.

In **Slovakia**, despite the approval of a new minimum wage law with provisions for an action plan, its formulation is still pending. Trade unions stress that the responsibility for establishing an action plan lies with the government. According to the trade unions, to achieve the goal of increasing collective bargaining coverage, the initial step is to increase the representation of unionised workers through targeted recruitment strategies and the establishment of new trade union organisations at the individual employer level.

In the case of **Serbia**, which, as a candidate country, should also take action on the implementation of the Directive, including the establishment of an action plan, no activity was reported in this respect. It should be emphasised that Serbia is basically not taking any action regarding the implementation of EU Directives in the social field.

The above brief overview shows that the topic of action plans is a marginal area of interest for public authorities in the CEE countries. However, the study carried out by the CEECAW national experts did not show any significant trade union activity in this area either.

5. Conclusions and recommendations

One dogma often invoked by trade union leaders is that there is a correlation between high levels of trade union membership and the coverage of collective bargaining. However, this is only partly true, as the table below shows. It compares collective bargaining coverage and unionisation levels in the 7 so-called old EU Member States representing different industrial relations models and in the Central and Eastern European countries surveyed in this project.

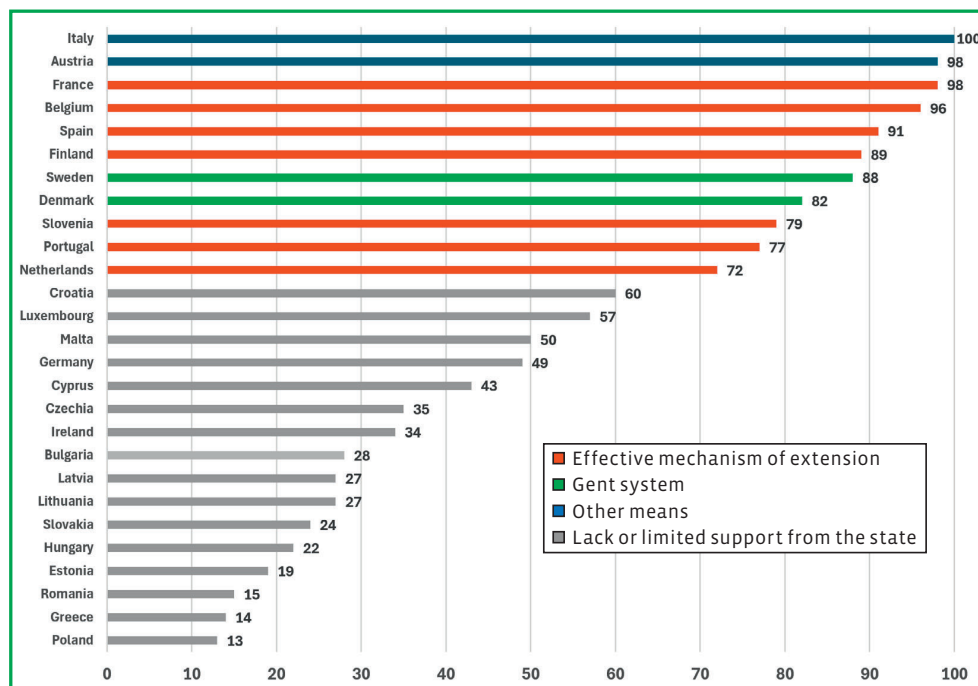
Table 2. Collective bargaining coverage and unionisation level.

Country	CB coverage (%)	Level of unionisation (%)
Selected Member States from EU-15		
Italy	100	32.5
Austria	98	26
France	98	10.8 (2016)
Belgium	96	49
Sweden	88	65.2
Spain	91	12
Germany	49	16.3
Central and Eastern Europe		
Slovenia	79	23.8 (2015)
Croatia	60	20.8 (2018)
Czechia	35	11.4 (2018)
Serbia	30	33.3
Bulgaria	28	13.7 (2016)
Latvia	27	11.6 (2018)
Lithuania	27	7.4
Slovakia	24	11.3 (2018)
Estonia	19	6.0
Romania	15	25
Hungary	22	8.3 (2018)
Poland	13	13.4 (2017)

Data for collective bargaining coverage: EU Member States — Torsten Müller, ETUI, 2025; Serbia — OECD and AIAS, 2021. Data for unionisation: own compilation based on ILO, OECD databases, 2019 or latest available.

Even a cursory glance at the table suggests that low levels of unionisation do not necessarily translate into low collective bargaining coverage. One might even agree with the much iconoclastic thesis that the de-unionisation that characterises many EU Member States does not necessarily imply a decline in collective bargaining coverage (Bhuller *et al.*, 2022). The following graph helps to clarify this conundrum.

Graph 2. Collective bargaining coverage and forms of state support.



Torsten Müller, ETUI, 2025.

It is clear from the graph that the source of the high coverage of collective bargaining in the 11 EU Member States (the top 11 in Graph 2) is largely due to targeted external support of a diverse nature. In Italy, a developed line of Supreme Court jurisprudence derives the premise of the right to remuneration resulting from collective bargaining from the constitutional provision on the right to decent pay as a guarantee of dignity. In Austria, the central/sectoral negotiating partners of the trade unions on the employers' side are the chambers of commerce, to which membership is compulsory. In the case of Sweden and Denmark, state support stems from the fact that trade unions have huge membership because they administer unemployment insurance (Gent system) and have tools in the form of the constitutionally guaranteed right to solidarity industrial actions (in Sweden it is called: *sympatiåtgärd*), which has a positive impact on the scope of collective bargaining. The practice of extending sectoral agreements is widespread in France, Belgium, Spain, and Germany. Slovenia is the only country in Central and Eastern Europe that effectively uses the mechanism of extending collective agreements. The conclusion is clear — potential national action plans in CEE countries if they are to effectively extend bargaining coverage must include input from the public authority and this is what trade unions should demand.

There is, however, a problem. The survey material collected by the authors of the national reports indicates little willingness on the part of trade unions to use Article 4 of the Directive to promote the development of collective bargaining. This confirms previous research among trade union leaders in Central and Eastern Europe, where expressed hopes for the entry into force of the Directive were accompanied by an expectation of initiatives from the European level rather than declarations of their own actions (Adamczyk and Surdykowska, 2024).

There is a noticeable reluctance of employers' organisations and unfortunately also of public authorities ('hostile neutrality' is the correct term here) in the CEE countries to actively use the provisions of Article 4 of the Directive. Therefore, some key recommendations on the content of the action plan will be addressed primarily to trade unions, as they should be the ones with a clear interest in reviving collective bargaining and pushing ruling elites towards proper solutions.

First, the development/revival of the sectoral bargaining mechanism should be pursued at all costs, as this is the only way to achieve the objective of the AMW Directive in the long term.

Second, pressure should be put on the ruling political elite to introduce collective bargaining in the public sector (such measures have recently been taken in Lithuania and Latvia), which could have a 'snowball effect' in the private sector as well.

Third, it is necessary to develop an effective and functional mechanism for extending existing sectoral collective agreements.

Fourth, the introduction of an incentive system for employers can only be triggered if they are covered by a sectoral collective agreement.

Fifth and finally, launch a media campaign (especially on social media) to highlight the benefits of collective bargaining for workers. This is particularly important regarding the younger generation of workers who are entering the labour market without basic knowledge of the possibility to collectively protect their interests.

In the author's view, one important factor that has had a limiting effect on the interest of trade unions in the region in developing collective bargaining is the extensive labour legislation dating back to the communist era, which provides workers with the individual level of protection that collective agreements provide in Western European countries. As a result, industrial relations in the CEE countries operate in a state of 'limbo', as the relatively weak trade unions do not feel they can move away from legislative protection to the (precarious) practice of bargaining. However, unions can hardly be expected to undermine existing legal provisions on individual workers' rights, thus making collective bargaining more 'attractive', especially if it would only be a simple copy of existing benefits. It means that for collective bargaining to be developed it should address new challenges in the labour market (such as automation, digitalisation of workplaces, flexibility for workers). The solutions from the EU level would be advisable in this respect. However, the situation is not improved by the rising tide of populism, not only in the CEE countries but in the EU as a whole (Adamczyk and Surdykowska 2023), which indirectly affects negatively the whole idea of the Europeanisation of industrial relations. The vision of conducting effective cross-border negotiations in multinational corporations currently seems to be impossible in the near future.

The above means that the use of Article 4 of the AMW Directive is the only chance for trade unions in CEE to restore collective bargaining to its proper role as an industrial relations regulator. Even if the battle before the Court of Justice regarding the Directive itself will be a lengthy process (it is to be expected that a potential negative ruling will be contested by the Commission), there will be a kind of test of the possibility of a top-down influence on the national industrial relations systems of the Member States, which will bring us closer to answering the fundamental question — whether the Europeanisation of industrial relations is possible after all, even if it is not now.

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