



NEWIN

Presentation of interim findings

Slovakia

NEWIN mid-term meeting, February 17, 2015, Amsterdam


NEWIN - Negotiating Wage (In)equality is a project co-funded by the European Commission, DG Employment, Social Affairs and Inclusion, budget heading VS/2014/0538, Industrial Relations and Social Dialogue. The presentation reflects only the author's view. The Commission is not responsible for any use that may be made of the information contained.

Further information is available at <http://moodle.adaptland.it/newin>

www.celsi.sk

**CENTRAL
EUROPEAN
LABOUR
STUDIES
INSTITUTE**

Overview

- National developments
 - Case studies
 - Metal
 - Banking
 - Education
 - Retail
 - Preliminary conclusions
 - Questions
- 

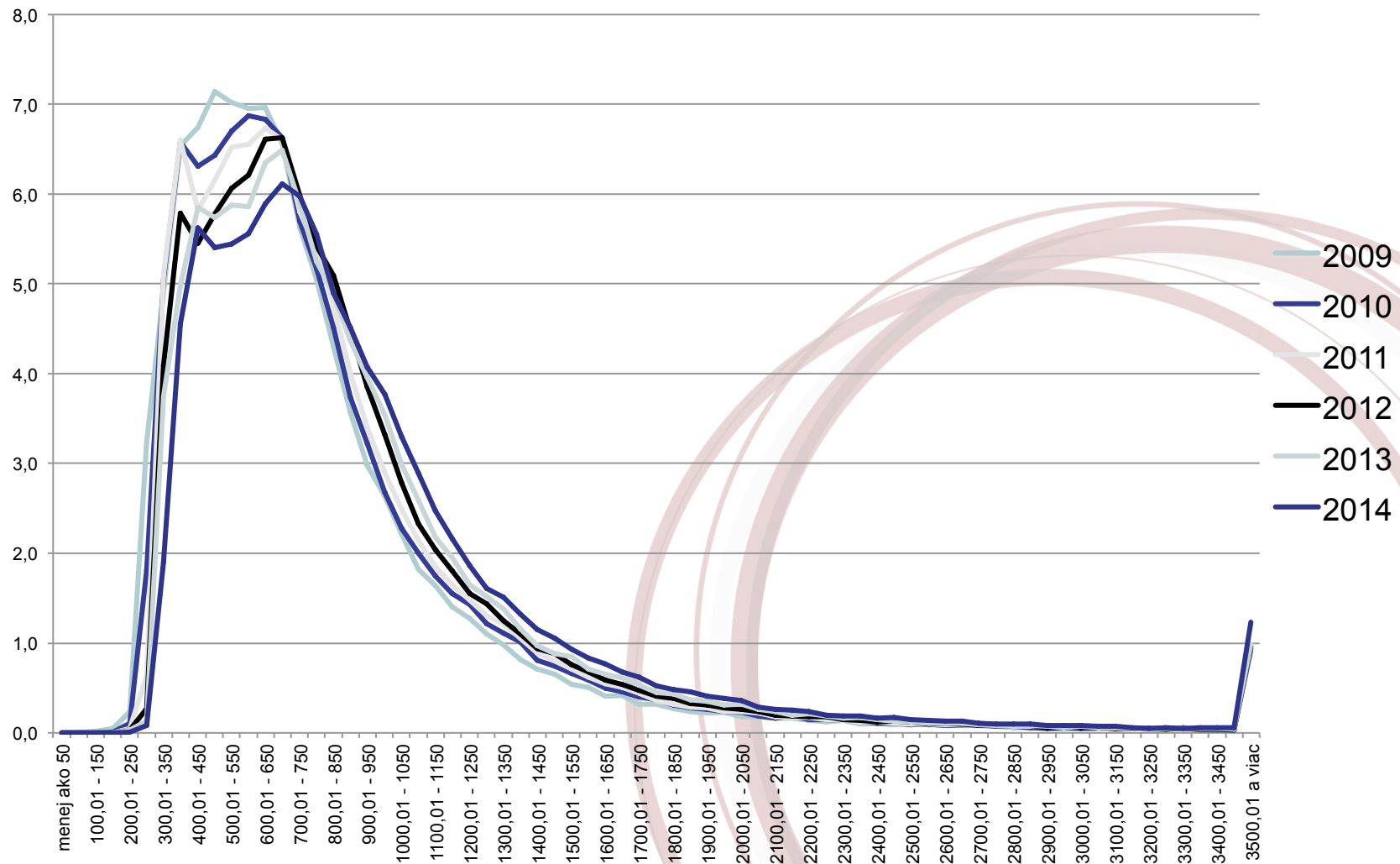
Work progress

Level		Number of interviews
National level		3 (1)
Banking	Sector	2
	Case study	1 (1)
Education	Sector	2 (2)
	Case study	-
Metal	Sector	2
	Case study	2
Retail	Sector	2
	Case study	1 (1)
Total		15 (20)

Income inequalities - national level

- Slovakia has low wages and enhanced redistributive policies (embedded capitalism (Bohle and Greskovits, 2012))
- GINI 24.2 is rather low, but...
 - Ratio of income dispersion is 3.8 and growing
 - Collective bargaining coverage decline
- Behind low GINI stands
 - Minimum wage policy (currently 45% of the average wage)
 - And redistributive policies

Income Distribution



- Role of redistribution
 - Risk of poverty rate rather low and decreasing from 32 in 2005 to 18.4 % in 2014
 - But social expenditures lower than expected
 - 87 % of retired people would be threatened by the poverty if social transfers are not provided
 - 6 % of people over 65 are at the risk of poverty with social transfers
- Regional differences
 - Bratislava region vs. the rest of Slovakia
- Role of education
 - Increased in 90s, now explains most of the wage differences (Večerník, 2001) before it was seniority and work experience
 - Inflation of university education, returns to education lower for young people with univ. degree

Wage differences among sectors and education attained

Source: European earnings survey, 2010

	Total	Manufacturing	Wholesale and retail	Finance	Education
Total	777	741	790	1278	686
ISCED 2	472	516	479	760	389
ISCED3-4	670	684	669	942	525
ISCED5A	1157	1331	1441	1575	783
ISCED5B	837	888	965	974	675
ISCED6	1319	1826	2800	2059	1169
Share of ISCED6/ ISCED2	2.79	3.54	5.85	2.71	3.01

- **Gender pay gap**
 - One of the highest in the whole European Union
 - Wage differences oscillate between 22 and 24 %
 - The highest differences are in male dominated sectors - finance, information and communication or manufacturing, around 30 %
 - Education sector has one of the lowest gender pay gap, 13 %

Role of LMI

- Minimum wage
 - 7% of workers earn minimum wage, 11% young people up to 24, 9% in east region (IFP, 2016)
 - Increases had so far rather limited impact on economy and employment (currently 45% of the average wage)
- Extension of collective agreements
 - Since 2007 without accord of employers
 - Not so dramatic change, impact of extension is almost negligible (NBS, 2014)
 - But still it enhance social dialog at sector level

National policies

- Tax reform
 - Introduction of flat tax in 2004, only small changes until today
 - Race to the bottom type of policy
 - Positive impact on high income, neutral or negative on middle and lower income groups (Brook and Leibfritz, 2005; Moore, 2005)
- FDI attraction into the region
 - Automotive industry growth
 - Banking sector

Metal

- One of the most important sectors in SVK, automotive strategically important : 27.5% total industrial revenues, 74% manuf. revenues
 - 3 largest automotive producers: Volkswagen Slovakia, PSA Peugeot Citroen, KIA Motors, a lot of suppliers and related companies
- Employment in automotive = 2.7%, average wage (Q2'15 = 1,280 €)
- Gender pay gap is 30 %, . The variable part of the wage is around 20 per cent, another 12 % are wage compensations (SOSR, 2014).
- Sources of inequalities:
 - Sectoral wage tariffs vs. company wage tariffs
 - Dualization (increasing share of flexible forms of work (temporary agency work))
 - Flexibilization of the full-time contracts through flexiconto
 - Flexible part of the wage paid on individual discretion of the line managers

Metal II

- **IR:**
 - The strongest sectoral TU OS KOVO operates in metal sector
 - Several actors on employers side (ZAP on automotive is not concluding SCA, but plays important role, instead ZSP concludes SCA)
 - Because of extension of SCA, new employer's and TU's emerged to avoid regulations in SCA
 - Increasing role of company-level bargaining
 - Two sectoral collective agreements:
 - 1. covers large part of metal including automotive –defines 12-scale wage tariffs (365 – 820 vs. 648-1,676 € in VW)→ one of the few CAs in SVK that specifically defines tariffs;
 - 2. covers 6 companies and defines only sectoral minimum wage, remuneration (& wage tariffs) = companies' individual responsibility
 - Lack of coordination between the two

Banking

- Part of financial sector, dominated by multinationals
- Employment = 1.9% (42 ths.ppl)
- Average wage = 1,673€ (m= 2,310€; w= 1,398€
→gpg=40%); median = 1,236 €; min. wage (sect.CA) = 500€
- Basic wage = 67%; flexible = 15%
- Wage inequalities channeled through internal flexibility (bonus & performance payments)
 - 1. inequalities between men and women
 - 2. inequalities between “old” vs. newcomers
 - 3. inequalities based on age
 - 4. regional wage inequalities

Banking II

- **IR:** sectoral collective agreement with SBA (28 empl., 99%); sectoral CBC= 90%
 - valid CA (2014-2016): 1.5% wage increase ('14-'15); '16 wage increase= proposed 0 or 0.5%→proceedings in front of a mediator
- **Social partners' view:**
 - TU: different standards for subsidiaries and parent banks (wage setting, wage increase); aim: equalize mechanisms (no support from foreign TUs)
 - Emp.: want lower fixed wage; greater flexibility offers space for fair wage increase
- **Case study: VUB Bank (Intesa Sanpaolo)**
 - 2 committees for remuneration, TU, CA for 3 yrs, every year negotiations about wage increase; average wage similar to sectoral
 - GPG, regional wage differences
 - DATA???

Education

- Focus on regional education (secondary)
- Employment = 7.5% (165 ths.), 127 ths. in regional education
- Average wage = 813 € (m= 900€; w 76% of all staff = 788€
→gpg=12.4%); median = 747 €;
- **wage equality – wage tariffs set by the government** (Act on Public Services)
 - for pedagogical staff: scale 6-12 (446-896.50€) + bonus for years of experience + other bonuses (class supervision, credits, e-c. activities, etc.)
 - Performance related bonuses: **only 5.7%**
- **Problems:**
 - low wages, **regional wage equality**, low wages of entry-level (young) teachers, tariffs for some categories below min. wage

Education II

- **IR:** Sectoral CA (part of public sector CA) + independent social dialogue in education
 - valid CA: October '16: 4% wage increase ('15: 1.5%)
- **Social partners:**
 - Old TU: Wage inequality is not an issue
 - New actors: The Slovak Chamber of Teachers, “Initiative of Bratislava teachers” → strikes since January 2016
 - Criticize low wages, esp. for young teachers, regional wage ‘equality’; public support, NGOs involvement
 - Ministry: “pre-election political action”, unprecedented in western Europe – outside of the TUs support
- **Consequences:**
 - 1. legitimacy of old TU?, 2. limitations of social dialogue in education, 3. importance of legislation, 4. challenged ‘wage equality’ – new ways of remuneration?

Retail

- Many multinational retail chains (Tesco, Kaufland, Lidl, Ahold, Carrefour, REWE-Billa) but also domestic chains (Jednota, Terno, CBA) – conflict of interest, pure competition and lack of cooperation at sector level
- Employment rates – only minor decline since '10, relative stability, employment = 163,390 persons (2014); average wage = 585€ (SSO), 968.70€ (Eurostat)
- Main challenges: low wages, high employee turnover, regional differences, competition between retail chains
- **Sources of inequality:** wage differences between retail chains, young vs. older workers (determined by skills and flexibility), abusing the LC (e.g. in overtime work and pay, flexible arrangements, on call jobs, divided shifts, etc.).
 - Inequality within particular retail chains – limited to wage differences between different positions; persons working on the same position = same base wage, but bonuses can differ, also regional differences

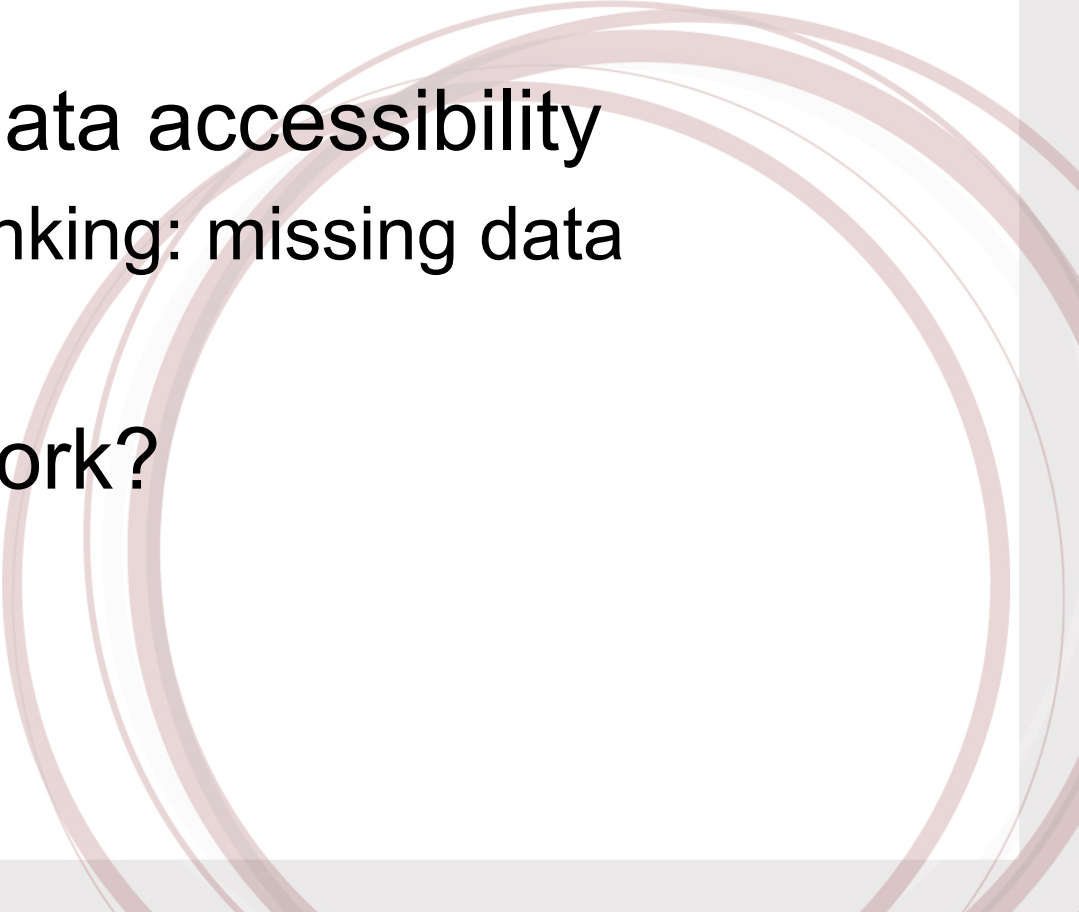
Retail II

- **IR:** well established company-level & sector-level SD; sectoral collective agreement; high bargaining coverage
- Jan. 2015 – foreign retail chains split off, ? legal entity form required for multi-employer bargaining?
- Sectoral CA: no wage tariffs, unions fight for it but employers against (large diversity of interests and competition between retail chains)
 - Union attempts to at least increase wages in sectoral CA, other issues exclusively in company-level CAs
- **Social partners' view:**
- TUs monitor wage levels at each retail chain & compare data by employers with data from SSO
 - Interesting: company-level unions don't report inequality, but data show its existence (including GPG, regional differences)
- Employers: negotiate at sector level on TU request, otherwise no interest in coordinated bargaining, seek more flexibility through company-level bargaining
- **Case study: Billa (part of REWE Group, Germany):** data from interviews

Preliminary conclusions

- Low impact of sectoral CA on wage inequalities in banking, education, retail
 - Automotive: sectoral CA that stipulate wage tariffs contributes to **reduction of wage inequalities**
 - Important company-level CA (e.g. Volkswagen)
- Opposite strategies of actors: while in banking TU push for more equal regional wages, in education new strategies on remuneration emerge that differentiate wages regionally
- Employers: ‘differentiation in wages’ (not wage inequalities) is necessary

Questions

- Sectoral regional wage inequalities: data?
 - Banking sector: data accessibility
 - Case study in banking: missing data
 - Common framework?
- 



**THANK YOU FOR YOUR
ATTENTION!**

maria.sedlakova@celsi.sk
monika.martiskova@celsi.sk
marta.kahancova@celsi.sk

CELSI

www.celsi.sk

**CENTRAL
EUROPEAN
LABOUR
STUDIES
INSTITUTE**