

BAWEU

Business and Welfare. Preferences and collective action in Europe

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Final country report: Slovakia

The Association of Electrotechnical Industry of the Slovak Republic

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Introduction

In the following pages, we focus on the connection between business and welfare in the Slovak Republic. We describe in more detail the structure of the national economy and also define the specific sectors that are the biggest drivers of the economy. We present a detailed description of employers' organizations and their members, which try to actively respond to current events and defend the needs of both employers and employees. It is also important to bring Slovakia closer to a welfare state and to emphasize the position of employers' associations relating to social policy. Last but not least, it is important to clarify the direct political weight of employers and the role of trade unions in the country in areas such as pensions, unemployment, education, and family policy.

The report is based on the combination of the main project research steps:

1. The literature review was completed in the first year of the project;
2. The qualitative interview was completed in the second half of the second year (see the methodological appendix).
3. The survey was completed in the first half of the second year (see the methodological appendix).

In the report, all these steps are integrated to have a complete analysis of the role of employers in welfare decisions. Tables related to the survey will be titled with "S" before the number. The survey had a relatively low response rate: 2 219 companies were contacted, but only 76 answered (hence a response rate of 3,5%). The survey has been carried out during the Covid-19 pandemic and it was difficult to get the attention of managers in such a turbulent period. In any case, it is relevant to consider the survey results as they can highlight some tendencies in the relationship between employers, the welfare, and the main actors involved. We must be careful in interpreting data because they are not representative, but we can in any case take analytical advantage of the answers.

The report is divided into 3 main parts. Through the questions of *who*, *what*, and *how* they try to answer these main specific objectives:

1. to better understand how homogenous or differentiated business' preferences toward social policies are changing in a post-industrial and global economy,
2. to better understand how the role of employers' associations is evolving in expressing and representing employers' preferences,
3. to influence the debate on welfare preferences and social dialogue

In the first section, we will try to describe which are the main actors and how they have changed in recent decades (from the 90s to the present). The Slovak economy is pro-export oriented and after joining the EU experienced strong growth, which supported the entry of foreign investment. Slovak companies are mostly SMEs with a low ability to become multinationals.

Companies with foreign capital are more successful in international growth. The composition of the sectors does not change significantly and industry and consumption services still dominate. Public administration is characterized by a high employment rate. Social dialogue coverage is low. Higher employers' unions and trade unions, which are part of the Economic and Social Council of the Slovak Republic, are gaining importance. Employers' requirements are set and represented mainly by large companies individually and at the same time through associations of which they are members.

In the second part, we take into account the development of welfare preferences and the contribution of employers' associations to defend interests, as well as the results of the discussion between associations and trade unions. The main role of corporate collective bargaining is to ensure better social status for employees. Collective bargaining coverage is relatively low, but if it exists it works well. Employers are focusing on social changes that address their underlying issues, such as the quantity and quality of workers. To achieve this goal, they take into account the issues of education, active and passive labor market policy, and family policy. The sustainable state budget is especially important for companies, especially the budget of Social Insurance, which spends a significant part of its finances on pension systems. The changes are desirable and presented here as well.

In section 3, we will take into account how and to what extent companies (involvement) and trade associations (involvement) have influenced policy-making over time. The role of business associations is to present the voice of the sector in which they operate and represent it. They form a consensus among members and present a unified opinion to the government. The rule is that the association presents an opinion that all its members agree on. Employers' organizations are the link between the government and employers and pass on the demands between them. They provide members with services such as networking with related companies and media representation on critical topics, but in particular, they monitor the development of legislation and inform companies about current events. The union formulates the requirements of companies in the comment procedure and negotiations with the government. These associations operate at the national, sectoral, and professional levels, less so at the regional level.

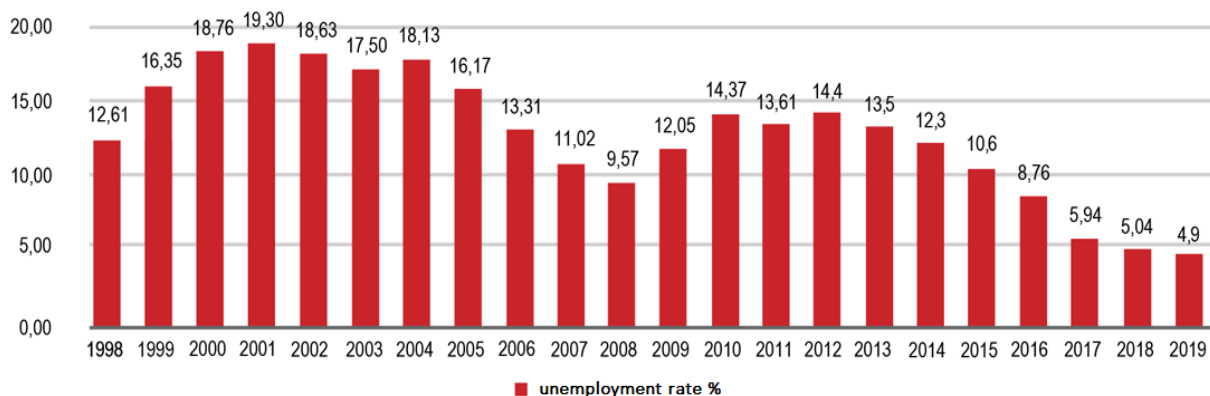
1. The „who“ question – the structure of the economy and the employers' association map

1.1. The structure of the national economy by macro-sectors

The Slovak economy suffered from a slow start in the first years after its separation from the Czech Republic in 1993 as a result of the country's authoritarian leadership and high levels of corruption, but the economic reforms introduced after 1998 put Slovakia on a path of strong growth. The Slovak Republic with a population of 5.4 million has a small, open economy driven mainly by exports of cars and electronics, which account for almost 25% of the GDP.

After joining the EU in 2004, Slovakia had been a regional "champion in foreign direct investment", an attractive country thanks to a relatively cheap but skilled workforce and a favorable geographical location in the heart of Central Europe. Exports and investments were the key drivers of Slovakia's strong growth, and Slovakia was given the name "Tatra Tiger". The declining indicators of economic confidence in Europe and the slowdown in the growth of many large euro-area economies probably had an impact on Slovakia, which surpassed its economic peak in 2018. The economic situation was subsequently affected by the COVID-19 global pandemic. Before the COVID-19 crisis, the unemployment rate fell to a historical low, and rising wages fuelled increased consumption, which played a more prominent role in 2017 GDP growth. A favourable outlook for the Eurozone suggests continued strong growth prospects for Slovakia during the next few years, although inflation is also expected to pick up.

Graph 1: Development of unemployment rate (1998 – 2019)



Source: Statistical Office of the Slovak Republic

Graph 2: Development of the GDP in Slovakia (1998 – 2019)



Source: Statistical Office of the Slovak Republic

Among the most pressing domestic issues potentially threatening the attractiveness of the Slovak market are shortages in the qualified labour force, persistent corruption issues, and an inadequate judiciary, as well as a slow transition to an innovation-based economy.

Economic growth is slowing

The future growth of Slovakia is hindered mainly by very weak innovations and problems in the business environment. These are causing a deterioration in its position in the global competitiveness rankings in recent years. One of the main reasons why Slovakia lags behind most countries is the labor market with insufficient flexibility of labor relations, low mobility of workers, and high barriers to the employment of foreigners. Another researchable reason is the quality of public institutions, where competitiveness is most damaged by high regulatory burdens, low law enforcement, independence of the judiciary and police, but also unclear long-term economic vision of the government.

National economy by macro-sectors

Slovakia's strong productivity growth has arisen from joining global value chains, mainly in labour-intensive segments, such as car assembly. Large foreign investment inflows have helped develop a competitive export-led manufacturing industry, with a strong specialization in the automotive and electronics sectors, fostering robust growth and productivity performance.

The GDP growth rate reached a high level in 2006, mainly due to the commissioning of new capacities by foreign investors, mainly in the industrial area. During this period, the Slovak economy was considered the star of the Central European region. In economic growth, it outpaced neighboring countries, and the pace at which the economy improved performance exceeded the expectations of economists. During this period, a series of reforms in the area of active labor market policies and several more fundamental social reforms were implemented, which activated the labor market. Businesses began to be driven by companies mainly by the ability to establish themselves in foreign markets and export their products. With available manpower, ongoing reforms, and relatively low personnel costs, Slovakia was a magnet for foreign investors. The positive development of GDP was briefly interrupted by the crisis in 2007-

2009. After that, GDP growth continued, albeit at a slower pace, but the labor market began to attack historically the lowest levels of unemployment.

The reason for the gradual decline of foreign investors became a relatively stagnant policy. There were no reforms in education, which thus no longer reflected the requirements of employers. The unemployment rate before COVID-19 attacked historical lows and the workforce became inaccessible. Good economic development and low availability of workers also caused a rapid increase in average wages. In this context, the prosocial government raised wage levels and introduced new employee benefits that increased personnel costs. However, the lagging quality of employees and low innovation means that labor productivity has started to grow more slowly than personnel costs (the price of an employee's labor). In general, Slovakia is one of the countries with a high tax and contribution burden on employees. Up to 46% of the super-gross wage is made up of state taxes and levies, which, together with indirect costs, makes Slovakia more expensive than in other countries. The trend of wage growth continues today, but the adoption of the necessary reforms and the support of innovations for the creation of higher value-added jobs do not. Slovakia fears that it will remain a "European production hall" into which new investments will no longer want to flow.

Long-term unemployment remains prevalent in the east and some central regions of the country. Regional differences in disposable income are still large.

The main 3 sectors in Slovakia are:

1. Industry,
2. Trade, transport and accommodation, and food services,
3. Construction.

The industry represents 30,1% of the GDP and employs 37% of the workforce. Heavy industry sectors - such as metal and steel - are still in a restructuring phase. High-value-added industries, like electronics, engineering, and petrochemicals, are installed in the western part of the country. Sectors like automobiles and consumer goods are offering attractive opportunities to foreign investors. Foreign investment goes mainly to multinational organizations. E. g. Slovakia belongs to the 20 biggest car producers in the world with the production of more than one million cars per year. Four car companies are operating in Slovakia (Volkswagen, Peugeot, KIA, and Jaguar Landrover). These are part of their global network. With the arrival of automotive companies, other foreign investments usually come as a subcontracting chain, which also builds its branches around the world according to the scheme of the main automaker. In addition to them, local companies are also developing, which rarely grow to medium or large dimensions and have little (if any) penetration of foreign markets. The World Bank estimates that the manufacturing sector alone accounts for one-fifth of Slovakia's GDP.

The services sector contributes 55,9% of the GDP and employs around 61% of the active population. It is dominated by trade and real estate. The development of tourism may also become important for the Slovak economy in the coming years, as tourism is currently the

country's most dynamic sector (5,6 million tourists in 2018, of which 2,3 million were foreigners). The country's banking sector is strong and largely owned by foreigners.

The export of goods and services from Slovakia exceeds imports and thus creates an active balance of foreign trade. This situation is positive for the economy. However, absolute values must also be taken into account. The total export in 2017 was € 74.8 billion, and we imported goods worth € 71.8 billion. Slovakia thus received EUR 3 billion in exports in 2017 (net exports = exports - imports). This represents only about 3% of GDP in 2017¹.

The results of the survey and qualitative interviews

Table 1a shows that the share of people employed by sector provides a picture of the national economy, which is still strongly based on traditional sectors with low innovation elements. Of all industries, only production recorded a (slight) decline. The strongest employment growth is recorded by the public sector. Innovation has also grown, but due to low state support for science, research, and innovation, the indicator is still low compared to the EU.

Table 1a: Employees' distribution in Slovakia over time (share of total employees; %)

	Industry		Consumption services		Smart growth sectors		Welfare services and Public Administration	
	1997	2019	1997	2019	1997	2019	1997	2019
EU-28	26.0	19.1	35.1	36.2	11.2	15.4	27.4	29.8
Slovakia	31.4	29.3	31.0	33.8	6,8	9.5	22.4	26.5

The change in the employment rate in favour of the sectors (services) and the non-productive sector (public sector) may be reflected in the development of GDP (see the last column in Table 1b). The industry has declined slightly but still represents a major employer. It is necessary to take into account the development of the economic cycle, which reached its peak in Slovakia in 2018 and began to decline. This also temporarily affected industrial production.

Table 1b: Gross value-added distribution in Slovakia in the 2010s over time (share of total macro-sectors %)

	Industry		Consumption services		Smart growth sectors		Welfare services and Public Administration		Average yearly GDP growth in previous 10 years	
	1997	2019	1997	2019	1997	2019	1997	2019	1997	2019
EU-28	22.8	18.7	38.2	38.9	18.3	21.7	17.7	18.6	2.7	1.6
Slovakia	31.4	29.3	31.0	33.8	6.8	9.5	22.4	26.5	4.4	3.0

¹ <https://www.bencont.sk/app/cmsSiteAttachment.php?ID=212&disposition=inline>

Tables 2a and 2b show that the proportion of GH (General High Skills) and GL (General Low Skills) generally showed an increasing trend. However, growth is higher in favour of GL. A significant drop is recorded in SK (Specific Skills), which is still higher than the EU average, but in the case of industry, the difference is even more noticeable. Women's employment oscillates around the EU level, but GH has fallen. GH is still above the European average. Significantly positive developments were recorded in the unemployment rate at all skill levels (especially in GL). The unemployment rate was slightly above the EU average.

Table 2a: Workers' profiles required in Slovakia (1997)

	Employees by skills' type			Employees by skills' type in industry (exc. Construction)			Female employment (women as share of total)		Unemployment in the previous year by skills' type			Unemployment rate (5 years-average)
	GH	SK	GL	GH	SK	GL	Employees	GH empl	GH	SK	GL	
EU-28	33.7	28.8	37.5	24.2	57.4	18.4	46.3	49.6	3.8	9.3	10.3	9.2
Slovakia	31.9	36.4	31.6	21.8	60.9	17.3	47.2	59.2	3.7	10.6	15.9	15.0

GH: General High Skills; SK: Specific Skills; GL: General Low skills

Table 2b: Workers' profiles required in Slovakia (2019)

	Employees by skills' type			Employees by skills' type in industry (exc. Construction)			Female employment (women as share of total)		Job vacancy rate (by economic sector)				Unemployment in the previous year by skills' type			Unemployment rate (5 years-average)
	GH	SK	GL	GH	SK	GL	Employees	GH empl	Total	Ind.	Cons	Smart	GH	SK	GL	
EU-28	42.5	19.8	37.8	29.2	51.1	19.7	48.5	51.4	2.2	1.7	2.0	2.8	2.8	6.3	8.5	7.7
Slovakia	33.6	29.2	37.2	22.1	63.3	14.5	48.1	53.9	1.1	1.0	1.1	1.5	1.4	5.4	6.0	8.3

GH: General High Skills; SK: Specific Skills; GL: General Low skills

Table S1: Sectors and size of companies

	Industry (excluding construction)	Consumption services (including construction)	EU2020 "smart growth" services	Welfare state services and public administration	N
0-249	27,9%	41,9%	25,6%	4,7%	43
250-499	51,6%	32,3%	16,1%	0,0%	31
500-999	50,0%	50,0%	0,0%	0,0%	2
1000+	0,0%	0,0%	0,0%	0,0%	0
Total	38,2%	38,2%	21,1%	2,6%	76

The survey addressed a wide range of companies to capture the composition of the industry (see Table S1) and the type of employees (see Table S2). As in previous years, the 2020 Report

on the State of the Business Environment² prepared by the Ministry of Economy of the Slovak Republic shows that small and medium-sized enterprises (SMEs) accounted for 99.89% of the total number of active business entities in Slovakia. Large enterprises with 250 or more employees accounted for 0.11%. The number of small companies also prevailed in the survey. Medium-sized and large enterprises, on the other hand, were better captured in interviews, in which associations representing large employers were also represented, and medium-sized and large enterprises were also directly addressed. In terms of qualifications, employees in the middle of the level of education predominate (intermediate qualifications - craftsmen, business services, and administrative staff). So, although the sample of respondents is not representative in terms of response rates, the composition of respondents is in line with the general structure of the Slovak economy.

Table S2: Type of workers according to the company's sector

	Industry (excluding construction)	Consumption services (including construction)	EU2020 "smart growth" services	Welfare state services and public administration	Total
Highly qualified workers	14,3%	18,5%	81,3%	100,0%	32,9%
Craft, sales services and clerical workers (medium qualified)	10,7%	66,7%	18,8%	0,0%	32,9%
Manual workers (low qualified)	67,9%	11,1%	0,0%	0,0%	30,1%
Others	7,1%	3,7%	0,0%	0,0%	4,1%
N	28	27	16	2	73

In the qualitative interviews compared to the survey, the attitudes of medium and large national enterprises prevailed. Despite the incomplete compliance of the respondents of the discussions with the questionnaire survey, one fundamental thing can be confirmed. We assumed that companies will prioritize topics that are directly related to employment and the labour market in the discussion. On the contrary, pensions or family matters will not be dominant. However, it turned out that the topic of welfare is mainly dominated by the financial dimension - whether it is the costs of companies or the possibilities of the state budget. This is because the broad scope and awareness of companies and their associations about the whole welfare prevails, and they were able to present their expectations as well.

Welfare is "a system of interconnected containers, and if something doesn't work properly, it always shows up somewhere."

Companies and employers' representatives showed the best knowledge in the field of education, in which specific measures and clear objectives of employers are observable. Today, companies are going through a significant change, which was started by the concept of Industry

² <https://rokovania.gov.sk/download.dat?id=8B6FC6806FA94C0484AB40876FC5D838-0DAFAAAB3450C3E2CB52B947D70A7E27>

4.0. This fourth industrial revolution is already in full swing, merging traditional industry and digital technologies with the Internet. Its characteristic is the need for new training of employees, and the acquisition of new skills associated with computerization, robotization, and digitization. "The speed of the need to transform businesses and therefore also employees had increased significantly due to the COVID-19 pandemic." Today, green transformation is coming to the fore - a priority of the European Union to reduce emissions from traditional production and introduce new types of technology. Companies need to change their procedures and technologies and at the same time teach their employees new knowledge. Slovakia is among the TOP European countries that will be significantly affected by this change in skills.

The pension system is currently also a topic of discussion among large companies, especially due to the sustainability of public finances. Pensions absorb the largest part of the budget of the Social Insurance Agency. Less money is left to solve e. g. family policy or assistance to socially excluded persons. The European Union is a big help. Structural funds are often used to implement an active labour market policy or to implement projects for the education of employees at the employer. However, another consequence of the social system was pointed out here. Slovakia was among the countries that after 2000 were interesting for foreign investors due to relatively low labour costs. Wages logically increase with the development of the economy and the reduction of unemployment. However, the problem today is not their amount, but the levies and taxes that employees and employers pay to the state. Within the V4 countries, we pay a higher share of the state than in Hungary or Poland. Slovakia has thus lost its competitive edge in this region and is entering a recession. Despite the higher levies, the wage budget of the social system is strained and the state sometimes subsidizes it. It points to a bad set-up of the social system due to the probably bad distribution of social benefits. Today, Slovakia is losing its competitiveness within the V4 countries and reducing the arrival of new investments - capital and low innovativeness. Thus, the strained system does not have great possibilities for the implementation of a strong social policy. It was possible to involve actors from all investigated sectors in the qualitative interviews – industry, consumer services, "smart growth" services, and social services / public administration. Discussions with employers' associations can be used to monitor the ability of companies to define their demands or determine trends. SMEs clearly show a lower ability to explain and promote their interests in the field of social policy of the state. This can significantly distort the voice of the business environment, because Small and medium-sized enterprises in Slovakia comprise 99.9% of the total number of business entities, provide job opportunities in the corporate economy to almost three-quarters (74 %) of the active workforce, and contribute more than half (55%) to the creation of added value.³ However, the discussions confirmed that the difference of opinion is not profound, but rather a matter of prioritizing topics in individual areas. The trendsetters of the main topics are mostly large companies, which thus set their priorities through participation in higher employer associations. It can give the impression that

³ <http://www.sbagency.sk/sites/default/files/atlas-msp.pdf>

the opinion of large companies prevails in large associations, and the voice of smaller companies disappears here. At the beginning of the report, we assumed that smaller sector associations would provide better protection to smaller companies. This cannot be generalized. Participation in associations is not only established for legislative processes, but space for networking and sharing experiences is equally important. While large companies have sufficient personnel and professional capacities to comment on laws and define requirements, small and medium-sized enterprises formulate their requirements at formal and informal meetings.

According to respondents, welfare lacks a clearly defined and effective goal. The state defines its needs in several strategic documents. Such strategies have long-term goals (sometimes even 10 years), and with a change in the executive power in the country, these goals are not followed, disappear or change. Legislative changes thus take place without a relevant basis and a defined higher goal, according to the current mood of the government representatives. It is important to state that no strategy is binding on the government and if it is implemented, it is very slow. Today, we often see that the government changes strategies according to the currently prevailing opinion, cancels defined tasks, or lowers their priority. The financing of the measures is also a problem. COVID-19 has had a major impact on the state budget and the government had to increase the government debt. Many government reforms will be implemented thanks to the EU's Next Generation recovery fund. This fund is an opportunity to emerge stronger from the pandemic, to transform our economy. Slovakia's plan includes education reforms, renovation of outdated hospitals, or financing of the electrification of public administration. In addition to the green policy, through the recovery fund, we are implementing reforms that, according to many opinions, should have been implemented ten years ago. Like other EU countries, Slovakia presented its Recovery and Resilience Plan in 2021.⁴ Slovakia has approved 6.3 billion euros for the implementation of several reforms in the following areas: Quality education, Effective public administration and digitization, Science, research and innovation, Green economy, and Better health. Several respondents fear that the current unstable political situation (threat of government collapse) will endanger the declared reforms and their financing. In general, Slovakia is not efficient in drawing financial resources from the European Union - thanks to demanding legislation and low capacities. In addition, the social partners could comment on the draft plan within 3 days.

In all the interviews, the actors shared the issue of education and training. Although Slovakia has not undergone significant structural changes in the economy and has been dominated by "traditional" sectors for a long time, they will be most affected by global changes such as Industry 4.0, electronicization, digitalization, green transformation, etc.: "It is necessary to support the transformation of the Slovak economy from a "gross manufacturing forces" to a knowledge-based sustainable economy, or an economy based on knowledge and innovation." It should be remembered that although there are minor reform changes, a fundamental

⁴ <https://www.planobnovy.sk/>

reform, for example, in the education system in Slovakia has not taken place for several decades. Therefore, education does not keep up with the real needs of the labour market. Respondents, including those from the state administration, confirmed the need to reform the network of schools and fields of study, but there is no political will for it and these are very unpopular changes. These would mean *"cancellation of schools, centralization of fields of study, changes in school financing, which may also be felt by voters in the respective district towns. The political set is so afraid to implement such changes because it means losing political points"*.

The economy of Slovakia is significantly affected by the green transformation – a European initiative to introduce new changes to reduce emissions. Today, the dominant automobile industry is facing an important milestone – the cancellation of the production of combustion motor vehicles in 2035. This date has thus increased the pressure brought by the new trends of robotization and digitization of production processes. Large automotive companies are important international corporations that bring their know-how from abroad. They can handle technological changes. *"However, for foreign companies to remain interested in changing technological procedures in Slovakia, we must ensure state support for research and innovation and educate a technically competent workforce for our development."*

1.2. The employers' associations map and recent trends

There are national and sectoral employers' associations in Slovakia. In addition, there are chambers of commerce and various professional organizations.

The participation of employers' representatives in the national social dialogue is regulated by Act no. 103/2007 Coll. on tripartite consultations at the national level (tripartite law). On its basis, employers' associations representing more than 100,000 employees can apply to the tripartite and members of the government's advisory body - the Economic and Social Council of the Slovak Republic. More about the national dialogue is provided in the following sections of the report.

These "employers' associations" are also referred to as higher employers' associations. Primarily, each of them addresses the interests of its membership base. In the case of common topics, opinions are formed with a stakeholder banner or express open support for the topics in negotiations with the government. According to FSITA, it is common practice to draw up joint letters or opinions.

Links through members also emerged during the qualitative talks. It may be the case that a particular employer is involved in several employers' associations. However, this member may express representativeness to only one of them. These votes are important in the context of the Economic and Social Council of the Slovak Republic, where only unions representing more than 100,000 employees can enter. Such an organization thus participates in the activities of the union in which it reaches the best consensus.

Slovakia has 4 national employers' representatives. These are (though unofficially) different in the membership base. It is necessary to distinguish that one of the organizations unites cities and municipalities. Their interests are different from those of private employers and they participate in the cooperation of other unions. The last 2 of the remaining 3 unions have been operating almost since the establishment of independent Slovakia. So far, most members have joined their structures. Their membership has grown over time to cover several sectors. The entry into their structures was interesting for companies because they were the only employers' organizations in the Economic and Social Council of the Slovak Republic. For the purposes of this report, an interview took place with the youngest organization, FSITA, which already focuses exclusively on the industry and transport sectors. It is the only organization whose focus is exclusively on industrial enterprises and does not group other types of sectors. This gives this organization the advantage of relatively consistent views. Employers can become direct members of a higher organization, or even through sectoral associations, which are then a member of a higher organization.

There are several reasons why there are 3 employers' associations of private companies in Slovakia. It is mainly about setting up relationships, sometimes personal ones. The organizations are led by presidents who come from the most important companies. Naturally, a potential member is interested in what sector the president comes from. Members often make decisions based on the topics that the organization most actively addresses or perceives as their higher expertise. Employers' representatives must be attractive to new members, using a variety of marketing tools and media space to get new members (or transfer from one union to another). However, the principle is that members are not actively taken over.

These four higher employers' organisations are The Federation of Employers' Associations of the Slovak Republic, The National Union of Employers, The Federation of Slovak Industrial and Transport Associations, and The Association of Towns and Communities of Slovakia. In the following section, we will describe these organizations and their activities in more detail.

Name of the organization	Abbreviation	Members
The Federation of Employers' Associations of the Slovak Republic	FEA SR (Slovak version AZZZ SR), https://www.azzz.sk	33 employer associations and 1 individual company employing about 340,000 employees
The National Union of Employers of the Slovak republic	NUE (Slovak version RÚZ SR), https://www.ruzsr.sk	31 employers' organisations and 26 individual companies employing more than 251,400 employees
The Federation of Slovak Industrial and Transport Associations	FSITA (Slovak version APZD), https://www.asociaciapz.sk/	11 employers' organisations employing more the 180,000 employees
The Association of Towns and Communities of Slovakia	ATCS (Slovak version ZMOS), https://www.zmos.sk	2,783 organisations with 142,000 employees

Source: <https://www.eurofound.europa.eu/country/slovakia#actors-and-institutions>

The Federation of Employers' Associations of the Slovak Republic (FEA SR, <https://www.azzz.sk>) was founded in 1991 as a legal entity. The membership is on a voluntary basis and is open to all organisations that associate with major Slovak companies, and employers carrying out their business activities throughout the Slovak territory. Currently, FEA SR associates 33 employers' associations in agriculture and food production, entrepreneurs, retail, services, health care, industry, energetics, transportation, and Education.

The National Union of Employers (NUE, <https://www.ruzsr.sk>) was established in 2004. The membership is also on a voluntary basis and is open to all organisations that associate with major Slovak companies, and employers carrying out their business activities throughout the Slovak territory. Currently, NUE has 31 unions and 26 individual organizations as members in agriculture, finance, banks and insurance, sole proprietors, social services and spa, industry, pharmacy, retail, information technology, real estate, energy, tourism, and research and development

The Federation of Slovak Industrial and Transport Associations (FSITA, <https://www.asociaciapz.sk/>) FSITA was established in 2015, on the national level represents the biggest employers from the automotive, engineering, electrical, metallurgical, and mining industry.

The composition of employers and their organizational model corresponds to the pluralistic model within the transitional IR model.

Large firms have greater capacities to make use of social policies for personnel management, while smaller firms are more cost-sensitive (Colombo et al. 2018).

Table 3: The size of companies in Slovakia (share of total employed) (the year 2017)

	Size of companies – Total business economy*				Size of companies in industry (without construction)				Size of companies in consumption services				Size of companies in "smart growth" services**			
	Max 9 emp	10-49 emp	50-249 emp	250+ emp	Max 9 emp	10-49 emp	50-249 emp	250+ emp	Max 9 emp	10-49 emp	50-249 emp	250+ emp	Max 9 emp	10-49 emp	50-249 emp	250+ emp
EU-28	28.5	19.9	16.7	34.9	12.1	17.4	23.9	46.6	36.4	21.0	13.0	29.4	29.3	16.0	16.1	38.6
Slovakia	42.0	13.9	16.0	28.0	17.9	11.8	22.8	46.5	56.7	14.3	11.0	18.1	53.3	13.4	13.2	20.2

* Except financial, insurance activities, welfare state services, and public administration

** Except for financial and insurance activities

Table 4: Share of companies that are members of employer associations in Slovakia (percent for each type of company) (2013)

	Companies with at least 10 employees	Companies with 10-49 employees	Companies with 50-249 employees	Companies with 250+ employees
EU-28	26	24	37	54
Denmark	59	57	75	81
Germany	23	19	34	58

Italy	37	35	59	80
Netherlands	55	52	66	76

There is no data on the share of companies that are members of employer associations in Slovakia.

Table 5: Employers and workers' collective action in Slovakia (average 2010-2017)

	Employers' organisation density rate ^a	Union's density rate ^b	Sectoral organization of employment relations ^c	Number of Employers' Confederations	Effective Number of Union Confederations
EU-28	60.8	27.0	1.4	3.4	2.6
Slovakia	37.5	13.4	2.0	3	1.3

^a Workers and salaried employees in firms organized in employers' organizations as a proportion of all wage and salary earners in employment

^b Workers and salaried employees in private sector firms organized in employers' organizations as a proportion of all wage and salary earners employed in the private sector

^c 2 = strong institutions (both employers and unions, some joint institutions); 1 = medium (only one side, no joint institutions); 0 = weak, or none

Source: own elaboration on ICTWSS database (version 6.1)

Slovakia has a relatively low density of coverage by employee representatives and employers' representatives. It is the least of all the countries monitored in the project. This also follows from the nature of the country, which is a post-communist country. Democratically-minded representatives did not emerge until the early 1990s.⁵

Table S3: Member of any employers' association by sectors

	Industry (excluding construction)	Consumption services (including construction)	EU2020 "smart growth" services	Welfare state services and public administration	Total
No	77,3%	86,4%	92,3%	50,0%	83,1%
Yes	22,7%	13,6%	7,7%	50,0%	16,9%
N	22	22	13	2	59

Table S4: Type of employers' association

	Responses		Percent of Cases
	N	Percent	
Sectoral/industrial	6	50,0%	85,7%

⁵ https://www.ia.gov.sk/data/files/np_csd_l/Analiza_soc_dialg_odbory.pdf

	Regional/Territorial	1	8,3%	14,3%
	National/peak	3	25,0%	42,9%
	Professional	2	16,7%	28,6%
	I do not know	0	0,0%	0,0%
Total			12	100%

Note: this is a multiple-response frequency report. Respondents could answer more than one category. The percentage of responses shows the percentage of responses on the total number of responses, while the percentage of cases shows the responses in the percentage of the number of cases.

Table S5: Reasons for not being a member

		Responses		Percent of Cases
		N	Percent	
	We don't know the services provided by the employer's association	16	29,6%	44,4%
	We don't know the added value of the membership	10	18,5%	27,8%
	Employers' association does not sufficiently address our needs	9	16,7%	25,0%
	We think we can pursue our companies' goals by ourselves	6	11,1%	16,7%
	A lack of personal capacities	6	11,1%	16,7%
	No relevant employer's association in the field	6	11,1%	16,7%
	A lack of financial capacities	1	1,9%	2,8%
Total		64	100,0%	160,0%

In the survey, the majority of respondents are not a part of an Employer Association (see table S3). This is mainly due to the sample of respondents, which are mainly small companies. This confirms the fact that the members of these associations are mainly medium and large companies in Slovakia. But if respondents from our sample are members of associations, it is in the sector, especially in the Industry and Consumption service. The further detail that the survey provided has been an insight into the reasons why companies are not part of an employers' association (see table S5). The majority of the answers concentrated on two main issues: "We don't know the services provided by the employers' association" and "We do not know the added value of the membership". These data are not very positive. Based on the interviews, it can be concluded that the importance and opinion of large companies are more important in associations, and smaller companies do not have the space to promote their interests (or are absorbed). However, it is more likely that the missing capacities of small companies do not create sufficient space for raising awareness about the possibility of engaging in this type of activity. As for promotional activities of employers' unions towards small firms, these were not investigated or interviewed. The capacity of individual employers' associations,

which cannot take care of a large number of members, can also play a significant role here. This is finally proven by the number of members these organizations have today.

The role of employers' representatives

The development of social dialogue and the role of employers' representatives began to be institutionalized in Slovakia at the time of the fall of the socialist establishment in 1989. The restoration of the plurality of ownership forms changed the social structure of society, differentiated groups of employees and employers began to emerge from the almost homogeneous mass of socialist workers. More and more clearly, individual groups began to realize their real interests and use the opportunity to associate and create institutions to express and promote their interests. Gradually, institutions for the prevention of conflicts of interest and the regulation of mutual relations began to function.

Compared to the majority of advanced democratic European states with a market economy (especially the so-called old EU member states), social dialogue and social partnership in Slovakia were institutionalized in a specific social context. They arose in the conditions of a social structure homogenized by the socialist system (in terms of ownership of the means of production), when, paradoxically, even the main actors of such an institution - autonomous employers' associations and standard trade unions - did not exist. The creation of the tripartite in this period could be considered a signal that the creators of the new socio-political system were aware that the transformation in the field of work and collective labor relations could also lead to tensions and conflicts and that it was necessary to create institutions in advance in which they resolved conflicts through negotiation. The tripartite parties – emerging social partners – accepted the declared need by the political elites (governments) for the rapid creation of private owners of the means of production (entrepreneurs and employers), i.e. rapid and vigorous privatization, the need to increase the efficiency and competitiveness of the economy (including the inevitable restructuring of production and the collapse of the full employment system) and at the same time the need to maintain social peace. The accumulation of these goals reflected a systemic change in the field of social work, and general social support, including tripartite actors, legitimized such a change. (Čambáliková, 1995).

Privatization of enterprises also made it possible for some employees - managers of formerly state-owned enterprises to become their owners and thus employers. The more the government in its privatization strategy preferred and facilitated the creation of the so-called domestic capital-forming layer, the more this interest connected it with the nascent specific employer interest. Thus, the government could count on the support and loyalty of emerging (domestic) employers, especially at the beginning of the transformation and within tripartite negotiations. Thus, if tripartite in advanced democratic states can be figuratively characterized as an economic-power triangle, the imaginary vertices of which are employees, employers, and the government, its beginnings in Slovakia represented a more potentially structured point from this point of view (Čambáliková, 1997). The institutional form of social dialogue had the level of the so-called gentleman agreement and was not binding on the government. This

situation more or less continues to this day, although it is impossible to ignore the influence of the European social dialogue on the development of the Slovak one as well.

In light of the development of the social dialogue, it is possible to assume that the employers in the initial groupings were represented by "related" employers. This relatively closed group of new private entrepreneurs was also relatively close to the government's privatization activities in the late 1990s and the arrival of new foreign investments in the early 2000s. Employers' associations thus represented homogeneous interests represented by a few companies. The change of other government regimes led to a gradual diversification of employer representatives and the development of smaller professional or sectoral associations. The system of social dialogue has not fundamentally changed its form, and the ability to promote the interests of the industries is dominated by the national representatives of employers. What has changed is the role of employers' associations, which strive for an apolitical appearance, although lobbying represents an important part of their activities. In 1999, Act No. 106/1999 Coll. on economic and social partnership (the tripartite law), compared to the original role of the social partners, basically did not change either the content of tripartite activity or the competencies of its actors. The social partners could (and still can) comment on draft laws regarding economic and social development, and working and wage conditions. However, under the constitutional legal system of the Slovak Republic, the social partners, including the government, could not and cannot guarantee that their position will be reflected in the law. The only exception is the minimum wage law, which will be set at the national level by the agreement of higher representatives of employers and employees. However, such an agreement was never actually reached.

Over time, the structure and direction of employer representatives also changed. Gradually, more and more organizations and smaller, predominantly sectoral associations became its members, which saw membership as an opportunity to influence the state's decision-making in their interests. However, it follows from the interviews that small and medium-sized enterprises do not perceive this benefit in the higher association of employers. This can be interpreted in two ways (1) SMEs may not be fully able to formulate their requirements and needs (2) opinion is "overwhelmed" by the power of larger organizations and higher ideas. We also discussed with higher and sectoral associations regarding their internal functioning, and the following emerged: "Small and medium-sized enterprises are relatively little engaged in the active preparation of requirements. They play an important role because the association represents the opinion of all its members - even the small ones. They thus provide us with a certain test of the correctness of our opinions and they have the opportunity to comment on the common opinion." Although MSP does not directly formulate the main currents of thought, it controls them and comments on them.

1.3. The role of trans-national companies in the economy

Compared to the European average, Slovakia lags far behind in terms of foreign external investment (see Table 6). This is mainly due to the strong industrial sector, which is primarily focused on the management of external investments and Slovak companies primarily operate as their suppliers in Slovakia. The Slovak economic system described in the previous pages certainly leads to a lower need for Slovak companies to invest abroad. The development of state welfare policy over time reduces the attractiveness of Slovakia in terms of foreign investment - the increase in direct and indirect labour costs, and the growth rate of wages exceeding the growth of labour productivity - caused a decline in new investment in recent times. Even very low state support for the innovative capacity of companies does not help to improve the situation. Slovakia, as a major metal-automotive country, is not developing its innovation potential but is stagnating as a "production hall of Europe". The attractiveness of foreign investment is also hampered by strong regional divergence (significant differences between developed and backward regions). Adequate transport infrastructure is still not in place, there are problems in law enforcement and there is a significant mismatch between education and the real needs of the labour market.

Table 6: Foreign direct investments: Outward and inwards FDI stocks in Slovakia (as % of GDP)

	Outwards	Inwards
EU-28	45.8	63.7
Slovakia	3.3	54.9

Source: Eurostat online database

This figure is also reflected in the weight of multinational companies in Slovak companies (Table 7). The number of foreign multinational companies in Slovakia is relatively small, but their importance in terms of employment and added value is significant. From the point of view of the arrival of investments, industry dominates in the share of employment but also in value added. The role of multinational companies is manifested both in the case of "smart growth" companies and in consumption services. These data confirm that Slovakia is, or has been, relatively recently, a truly attractive country for foreign investment. The share of Slovak companies that have become multinational is quite critical. Slovakia is not a country that can effectively make investments abroad and build multinationals, which makes it a country dependent on external influences. This is indicated by lower innovation potential, or even barriers in the business environment, which do not support the growth of companies. As Table 8 confirms, 100% of the share of enterprises is now only in foreign capital.

Table 7: Main indicators for Multinationals by industry in Slovakia (%) (2016)

	<i>Inward [5]</i>				<i>Outward [6]</i>			
	Industry (excluding construction) [1]	Consumption services (including construction) [2]	EU2020 "smart growth " services [3]	Total Multinationals (%) total enterprises)	Industry (excluding construction) [1]	Consumption services (including construction) [2]	EU2020 "smart growth " services [3]	Total Multinationals (%) total enterprises)
Slovak Republic								
Share of Multinationals on total Enterprises	1,5	0,6	0,7	0,8	0,1	0,1	0,1	0,1
Share of number of employed people in Multinationals on total employment	46,6	14,6	29,5	28,6	0,8	0,4	0,7	0,6
Value added at factor cost in Multinationals (% total value added)	59,0	25,1	36,5	42,3				

Source: own elaboration on OECD and Eurostat online databases

[1] Using the NACE classification, this sector includes mining, manufacturing, electricity, gas, steam, and air conditioning supply, water supply, sewerage, waste management, and remediation activities.

[2] Using the NACE classification, this sector includes construction, trade, transportation and storage, accommodation and food service activities, real estate activities, arts, entertainment, recreation, and other service activities.

[3] Using the NACE classification, this sector includes information and communication, professional, scientific, and technical activities, administrative and support service activities, and financial and insurance activities.

[4] Using the NACE classification, this sector includes public administration and defense, education, and human health and social work activities.

[5] This table contains figures on the activity of affiliates under foreign control by industry.

[6] This table contains figures on the activity of affiliates under domestic control located abroad by industry. Outward data are less refined and have many missing values. No data is available for value-added, Italy, and the Netherlands.

Table 8: Share of enterprises by type of value chain (sourcing) Slovakia (%) (2018)

	Domestic sourcing	Foreign sourcing
Slovakia	-	100,0

Note: Slovakia data are missing in the domestic part, thus only the foreign value is present.

Source: own elaboration on Eurostat online databases

Table S6: Type of Ownership and geographic areas

	Domestic private ownership	Domestic public organisation	Foreign private ownership	N
Yes, this is mainly carried out in collaboration with one or more other companies	50,0%	0,0%	50,0%	16
Yes, this is mainly carried out internally within our company	65,0%	2,5%	32,5%	40
No	88,2%	0,0%	11,8%	17
Total	67,1%	1,4%	31,5%	73

Table S8: Design of development of new products or services according to the type of ownership

	Domestic private ownership	Domestic public organisation	Foreign private ownership	N
Yes, this is mainly carried out in collaboration with one or more other companies	47,6%	0,0%	52,4%	21
Yes, this is mainly carried out internally within our company	80,0%	0,0%	20,0%	15
No	69,7%	3,0%	27,3%	33
Total	65,2%	1,4%	33,3%	69

The Slovak Republic is a small and very open economy. In general, the worldwide economy is driven also by multinational enterprises (MNEs). A multinational enterprise sometimes also called a multinational corporation, just multinational, or international corporation is an enterprise producing goods or delivering services in more than one country. A multinational enterprise has its management headquarters in one (or rarely more than one) country, the home country, while also operating in other countries, the host countries.⁶ Transnational corporations (TNCs) are enterprises comprising parent enterprises and their foreign affiliates. A parent enterprise controls the assets of its entities in countries other than its home country,

⁶ Glossary: Multinational enterprise (MNE) - [https://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Multinational_enterprise_\(MNE\)](https://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Multinational_enterprise_(MNE))

usually by owning a certain equity capital stake. An equity capital stake of 10 % or more of the ordinary shares or voting power for an incorporated enterprise, or its equivalent for an unincorporated enterprise, is normally considered a threshold for the control of assets. A foreign affiliate is an enterprise in which an investor, who is resident in another economy, owns a stake that permits a lasting interest in the management of that enterprise.⁷ These companies are more involved in European research, development, and innovation than Slovak national companies. A few of these activities of MNEs and TNCs are taking place in the Slovak republic. The new approach to support innovation in the Slovak republic might help to ease the major challenges facing the Slovak innovation system. The new system might mobilize innovation in the relevant sectors through significantly stronger participation of the transnational partners.

The globalisation process inevitably changes the economic relations, investor relations, and trade relations that are taking part in a nowadays global environment. The most important actors of globalisation are TNCs. They are highly concentrated in the oil and automotive industries worldwide. Globalisation also affects the employment policies of the states and facilitates economic development. The interests of foreign investors should be combined with the protection of employees. The labour force – the employee working in employment is characterized not only by its contractual relationship. The employee is the subject of protection of constitutional rights, such as the right for personal dignity – Article 19 of the Slovak Constitution, or the right of employees to fair and satisfactory working conditions, in particular the right for the remuneration for the performed work, sufficient to enable the decent standard of living.⁸

A wide range of factors influences an enterprise's decision whether to completely or partly relocate the production abroad. The main reasons are the size, distance of the foreign market, its growth prospects, wage, productivity levels, or regulatory and legal regimes. Investment decisions are often focused on profits. The relative price of transport and communications has fallen, and it has become considerably easier for MNEs to consider moving their production locations across the globe. The aim is to benefit from cost savings that may be linked to lower labour costs or local resource endowments of primary goods. Similarly, the provision of some services has also been affected, as witnessed by the establishment of call centres abroad. Furthermore, foreign direct investments (FDI) provide enterprises with the possibility of accessing protected and regulated service markets through the establishment of a commercial presence in the host economy. FDI flows comprise capital provided by a foreign direct investor to an FDI enterprise, or capital received from an FDI enterprise by a foreign direct investor; they are composed of three components: equity capital reinvested earnings, and intra-company

⁷ Lesáková Ľubica, Foreign Direct Investment and Transnational Corporations in the Economy of Slovakia, MEB 2012 – 10th International Conference on Management, Enterprise and Benchmarking June 1–2, 2012, Budapest, Hungary

⁸ Nováčková Daniela, Globalisation and its impacts on the Slovak labour market, SOCIÁLNO-EKONOMICKÁ REVUE / 02 – 2017

loans.⁹ Until the year 2000, the development of FDI flowing into the Slovak republic had an upward trend, but its volume and pace lagged far behind the needs of our economy, as well as in comparison with neighbouring countries. A comparison of the inflow of FDI in 2000 and the previous years, clearly shows that its development has started to gain in intensity. Large investments into the telecommunications, petrochemical and metalworking industries have materialised.¹⁰ Historically, FDI inflows have been heavily concentrated in the western regions of the country, which are geographically closer to the rest of Western Europe¹¹. In 2019, FDI to Czechia, Hungary, Poland, and Slovak republic, the so-called Visegrád group, did not follow the rise of FDI in Europe as a whole. Their combined inflows declined by 18 percent, to 28 billion dollars. Flows increased in the Slovak republic but dropped in the other three. Most of the inflows into the Visegrád countries originated in other EU member countries. However, MNEs from third countries often use EU affiliates to invest in the group. FDI data for ultimate investors that were available for Czechia, Hungary, and Poland indicate a high share of Chinese, Korean, and United States investors.¹² Table 2 shows the last FDI flows, by region and economy and Table 3 shows the last FDI stock, by region and economy.

Table 15: FDI flows, by region and economy, 2014–2019 (Millions of dollars)

Region/economy	FDI inflow in 2014	FDI inflow in 2015	FDI inflow in 2016	FDI inflow in 2017	FDI inflow in 2018	FDI inflow in 2019
Slovak republic	-513	106	806	4017	1184	2449
Czechia	5 492	465	9 815	9 522	11 010	7 577
European Union	312 030	645 446	591 331	465 077	415 117	446 896
Region/economy	FDI outflow in 2014	FDI outflow in 2015	FDI outflow in 2016	FDI outflow in 2017	FDI outflow in 2018	FDI outflow in 2019
Slovak republic	43	6	96	1325	234	153
Czechia	1 620	2 487	2 182	7 560	8 663	4 918
European Union	282 976	684 898	448 426	511 816	345 280	455 245

Source of the table: (World investment report 2020)

⁹ World direct investment patterns - https://ec.europa.eu/eurostat/statistics-explained/index.php?title=World_direct_investment_patterns

¹⁰ Hošková Adela, Impact of foreign direct investment on the economy of Slovakia, National Bank of Slovakia Institute of Monetary and Financial Studies Bratislava 2001

¹¹ Lesáková Ľubica, Foreign Direct Investment and Transnational Corporations in the Economy of Slovakia, MEB 2012 – 10th International Conference on Management, Enterprise and Benchmarking June 1–2, 2012, Budapest, Hungary; Nováčková Daniela, Globalisation and its impacts on the Slovak labour market, SOCIÁLNO-EKONOMICKÁ REVUE / 02 – 2017

¹² World investment report 2020, UNCTAD, United Nations Publications, 405 East 42nd Street, New York, New York 10017, United States of America ISBN 978-92-1-112985-4

Table 7: FDI stock, by region and economy, 2000, 2010, and 2019 (Millions of dollars)

Region/economy	FDI inward stock in 2000	FDI inward stock in 2010	FDI inward stock in 2019
Slovak republic	6 970	50 328	59 750
Czechia	21 644	128 504	170 682
European Union	2 322 122	7 028 467	11 068 983
Region/economy	FDI outward stock in 2000	FDI outward stock in 2010	FDI outward stock in 2019
Slovak republic	555	3 457	4 727
Czechia	738	14 923	45 364
European Union	2 907 116	8 675 008	12 573 803

Source of the table: (World investment report 2020)

Some examples of transnational corporations investing in the Slovak republic:

US companies: US Steel, IBM, AT&T, Accenture

German companies: Volkswagen, Siemens, T-systems, Brose, Mahle, Schaeffler

Japanese companies: Panasonic, Yazaki, U-Shin

Korean companies: Samsung, KIA Motors, Hyundai Dymos, Mobis

French companies: PSA Peugeot Citroen, Orange, Faurecia, Plastic Omnium, Atos IT Solutions¹³.

In the Slovak republic exists a governmental funded investment-promoting agency called Slovak Investment and Trade Development Agency (SARIO). SARIO was created in 2002 and provides significant institutional support for foreign investors. The economy has been growing in the terms of quality, between 2010 and 2018 the Slovak republic experienced the second-highest growth of added value in industrial production in the OECD. Investors can find a workforce, which excels in three major areas: productivity, qualification, and labour costs. Slovak republic is still cost-competitive on the regional as well as the European level. Slovak republic has a good geographical position, the infrastructure network is growing, and highways are being built. The country has a strong heritage of engineering and mechanical production. The Slovak republic prides itself on its industrial heritage which has provided a stable base for the development of certain sectors such as automotive or electronics¹⁴. The importance of the automotive industry in the Slovak republic has been growing continuously since 1995, significantly after 2006, when all three car manufacturers (Volkswagen, KIA, and Peugeot) started car production in the Slovak republic. In 2018, Jaguar Land Rover started production, and Slovakia is intensively fighting for the fifth car company - Volvo. The automotive industry is a driving force in the Slovak economy and an important source of foreign direct investment in

¹³ https://www.sario.sk/sites/default/files/content/files/sario-why-slovakia-2020_1.pdf

¹⁴ https://www.sario.sk/sites/default/files/content/files/sario-why-slovakia-2020_1.pdf

the past 20 years. The importance of the automotive industry is not only given by the direct effects on added value and employment, but also by the indirect and induced effects which generates throughout the national economy. It is caused by the structure of supply networks of automotive companies operating in the Slovak Republic to the supply chain. Even the value chain of the automotive industry itself is entering many other sectors, so it creates also significant indirect effects on the economy. In 2019 over 1 million vehicles were produced, directly and indirectly, in the automotive industry were employed 275,000 people, and the automotive share is 50% of total industrial production¹⁵. The Slovak automotive industry is also defined by its well-developed and high-quality supplier network. In the Slovak Republic also the number of e-mobility suppliers is growing. Currently, 17 electric or partly electric models are being produced 11. The Slovak government is regularly trying to increase the quality of the Slovak business and investment environment through these activities and measures. The introduction of RIS3 smart national and R&D strategy in 2013 and revision in 2020, the introduction of R&D related tax regime — R&D super deduction in 2015, decreased the corporate income tax rate to 21% in 2017, electricity price discount for the energy-intensive manufacturers in 2019 and an increase of R&D tax deduction rate to 200% in 2020 are the main activities and measures. On the other hand, it is necessary to say that the OECD recommended the Slovak republic to invest more in innovation, up-skilling of its workforce, and digitization of its factories. It is necessary to ensure that the Slovak republic moves up the global value chain. Because according to an OECD report from last year, the Slovak republic is the most vulnerable country in the world to automation, as factories increasingly seek to robotize their production lines¹⁶. According to the World Bank's 2020 Doing Business report, the Slovak republic ranks 45th out of 190 economies in terms of ease of doing business (losing three positions compared to the previous year)¹⁷.

Involvement in international trade and global value chains (GVCs) has been an effective way for promoting economic and social catch-up. Large foreign direct investment inflows have helped to develop a competitive export-led manufacturing industry, with specialisation in the automotive and electronics sectors. However, the benefits of this development strategy have diminished since the 2008/2009 crisis and the subsequent slowdown in world trade growth. Expansion of this growth model is hindered by the employers' increasing difficulties in finding skilled labour. Better preparation of the workforce for the increasing digitalisation and automation of most industries is needed. This rapid integration into GVCs has mainly resulted from large inflows of FDI. The FDI stock represented 54% of GDP in 2015, i.e., 0.28% of the total FDI stock in the OECD, which far exceeds Slovakia's weight in terms of OECD GDP (0.17%). Thanks to FDI inflows, mainly from the European Union and to a lesser extent from the rest of the world, the Slovak economy has become a significant export platform mainly through its integration into European GVCs. In total, foreign multinationals accounted for 22% of private

¹⁵ Slušná, Balog, Slovenská inovačná a energetická agentúra, 2015, ISBN 978-80-88823-60-5

¹⁶ https://www.sario.sk/sites/default/files/content/files/sario-why-slovakia-2020_1.pdf

¹⁷ <https://www.doingbusiness.org/content/dam/doingBusiness/country/s/slovakia/SVK.pdf>

employment in 2015, and 35% of Slovak private-sector value added excluding agriculture and finance. In the key industries (electronics and automotive) the proportion of employment and value-added generated by foreign multinationals is between 80% and 95%¹⁸. As mentioned before, the automotive sector has been one of the key factors behind the strong growth of the Slovak economy in recent decades. Expressed a fivefold increase in the number of cars produced to one million vehicles a year during the past ten years making SR the leading per capita car producer in the world. The automotive industry alone generated one-third of exports and 13% of the country's gross output in 2015, which is high by international standards. The added value shared by this sector considering its indirect positive effects on the economy evaluated with input-output matrices amounted to 11% of gross domestic product (GDP). Nevertheless, the value added directly produced by the automotive industry reached only 4% of GDP and the ratio of value added to gross output is, at 12%, lower than in other OECD countries. Also, this ratio fell slightly between 2008 and 2015, despite a doubling of production in the Slovak automotive sector over the period¹⁹. The year 2020 and the current situation bring three major challenges for facing the economies of EU countries, including Slovakia: decarbonization, digitization, and demography the (new) and industrial policy must respond to these challenges. How will the Slovak industry compete with other countries, what will be its competitiveness? Time will tell.

In the interviews, we had the opportunity to communicate with large international companies and share their preferences, based on which they decided to invest in Slovakia. As stated in the documents above, the SARIO association protects potential investors in Slovakia - it provides them with basic information and mediates the first contact with the Ministry of Economy of the Slovak Republic. The information says that the main role in the investor's decision was played by state intervention and various tax reliefs, state aid, labour availability, labour costs (total amount), transport infrastructure, etc. The attractiveness of Slovakia in the eyes of foreign international companies after 2000 was very massive. The main expectations of multinationals from the government were also asked in the interviews. Multinational companies knew how to precisely formulate their needs in education, in labour market policy, general family policy, and, pension policy.

It is important to state that "it is the task of the state to serve citizens and create a motivating business environment. We can say what bothers us and what we need from the state. We are not experts in legislation, the state should write it."

It is not uncommon for multinational companies to be part of one, or more higher employers' unions. While writing this national report, we also encountered the fact that they are also part of chambers of commerce, e. g. Volkswagen is also a member of the German-Slovak Chamber of Commerce, while Peugeot is a member of the Franco-Slovak Chamber of Commerce.

¹⁸ Claude Giorno, Increasing the benefits of Slovakia's integration in global value chains, Economics department working papers No. 15522019

¹⁹ Claude Giorno, Increasing the benefits of Slovakia's integration in global value chains, Economics department working papers No. 15522019

Through multiple memberships, they build relationships at the national level, but also share information with organizations originating in the same country. The COVID-19 pandemic has shown the influence of parent companies on the formulation of multinationals' demands on the Slovak government, also in the field of welfare. Slovakia, like other countries, introduced anti-pandemic measures. Multinational companies apply a certain form of corporate culture in their branches, the same regulations, benefits, economic and economic models, policies, and the like. Most of the world's countries introduced mandatory protection with respirators in interiors, including workplaces. To protect the health of its employees around the world, a multinational company issued a regulation on mandatory protection with respirators at the workplace in every branch. This obligation was temporarily suspended in the summer of 2021 in Slovakia. However, this company had to respect international rules and the employees had to continue to wear respirators despite the national relaxation of the rule. Companies asked the government not to suspend the regulation to maintain a tense situation at their workplaces.

It was during this period that the power of employers and employers' representatives was demonstrated in defending their interests. Although it was a pandemic situation and it was necessary to take health countermeasures, the government proposed and implemented them without the participation of social partners. It is important to say that the measures directly affected the business of employers (compulsory closure of businesses, especially in the consumer services sector), home office regimes for both private and public employees were ordered, mandatory control of tests and vaccination certificates, mandatory quarantine of sick persons and suspected sick persons, mandatory testing unvaccinated employees in companies. All this is without the government negotiating with the social partners. This is where the government's attitude towards the role of social partners became apparent. If the law did not explicitly state that negotiations should be conducted at the tripartite level, they were not conducted.

2. The „what“ question – employers’ preferences and position over social policy

2.1. The characteristics of the welfare state in the country

Welfare policy in Slovakia is formed by a range of government policies and legislation that provide financial or other aid to individuals or groups who cannot support themselves during the time of unemployment, old age, sickness, a child's or family member's long-term unfavourable health condition requiring special care, etc. Social policy in Slovakia is based on the principle of solidarity.

The basic areas of social policy are

- employment policy
- health policy
- social security
- policy
- family policy.

Social insurance according to Act no. 461/2003 Coll. on social insurance, is divided into sickness insurance, pension insurance, accident insurance, guarantee insurance, and unemployment insurance. Social insurance benefits are significantly meritorious and linked to previous income. For example, a minimum pension needs to be earned by working about two-thirds of an average career.

Unemployment in Slovakia according to the records of the Central Office of Labour, Social Affairs and Family and according to Statistical Office, SR decreased on average in 2019, while the total average number of registered the number of unemployed decreased by 7.5% year-on-year to 168,030 persons. In the context of the COVID-outbreak in August 2020, the registered unemployment rate reached 7.60 % and the number of job seekers ready to start work immediately reached 208,362 people. An unemployed person in Slovakia is entitled to unemployment compensation.

The poverty risk in Slovakia is low, but regional disparities are substantial. Large regional disparities persist, with Eastern regions presenting a comparatively worse situation across all labour market and social indicators. The situation is especially critical for marginalised Roma communities.

Women bear primary domestic responsibilities, with child-care provision limited. The employment rate among women remains quite low, especially among parents. The number of women who are at work or looking for a job is gradually increasing, but there are still significant gender gaps in both employment and wages.

Pension-system sustainability has declined after a decision to stop automatic life-expectancy-indexed increases in the retirement age and adoption of a Retirement age cap (Retirement age cannot exceed age 64 years). The pension system in Slovakia consists of a scheme built on three separate pillars.

While public spending on education has risen, its level is still among the lowest in the European Union. A dual vocational-training system has drawn limited interest. The teaching profession is unattractive, therefore the graduates tend to opt for different, better-paid jobs. There are huge regional disparities in teaching outcomes, and students from socially disadvantaged groups tend to achieve only half the points of their peers from socially more favourable environments.

Slovakia has a mandatory health-insurance system that provides all residents with primary, secondary, and tertiary care, pharmaceuticals, and medical devices, while quality and efficiency are concerns. The state covers the health-insurance costs of children, students, pensioners, the (registered) unemployed, and women on maternity leave.

2.2. Main employer association's position concerning social policy: Pensions; Unemployment; VET; Family policies.

This section provides an overview of the policy preferences of Slovak major business associations in the four fields relevant to the project. It draws: on position papers, parliamentary audits, and official statements of national social partners; and the interviews realized in the framework of this project. The four policy areas are pension policy, vocational education, and training (VET), active and passive labour market policies, and work-family reconciliation policy. Each of these fields has been analysed through the lenses described in the following table.

Table 9. Key dimensions for assessing the preferences of employer associations on welfare policy

	OPPOSITE EXTREMES	
WELFARE EFFORT	Increase	Cost-containment
WELFARE PROVISION	Public	Private
WELFARE BOUNDARIES	Universal	Occupational
WELFARE ORIENTATION	Social protection	Social investment

The first dimension captures social efforts considered adequate: it continuously moves from the need to increase social spending to the preference for cost containment. The second dimension concerns the role of the state and the market in the provision of social care. The limits of welfare refer to the fact that welfare measures can be inspired by a universalist logic (aimed at the whole population and financed by general taxation) or can be inclined to the occupational extreme (aimed at specific groups, usually with the criterion of occupation and

financed through social contribution). Finally, social policy can be oriented towards the protection of vulnerable individuals and groups or the prevention of social risk through investments to improve the skills and employability of workers (social investment). These four dimensions are not mutually exclusive: in fact, they overlap and interact. Furthermore, they cannot usually be described by one of the two extremes of a continuum: in the real world, preferences tend to lie (and oscillate) somewhere between these two poles.

The attitude of the main Slovak employers' organisations towards the provision of social care can be ascertained from their lobbying in favor of limiting the government's efforts to regulate (enjoin by law) the behavior of companies in the provision of social care to employees. On the other hand, companies also very clearly demand what welfare "service" they require from the state. The four policy areas (labour policy, pensions, work-life balance, vocational education and training) that we analyse in this report are closely related to social security at the firm level (apart from health insurance policies, which are not the specific subject of this report). Based on the interviews, we can define that employers are interested in the state providing welfare in a way that aims to fulfill (in principle not disrupt) their business activities. The role of consistent education in schools is emphasized, creating an environment motivating companies to use active labor market policies, but maintaining the ability of companies to make independent decisions about the social benefits provided to their employees. At the same time, it can be deduced from the interviews (as was also stated in other parts of the report) that companies, including large companies, do not formulate concrete measures and do not conduct lobbying activities in parts of welfare that do not have a direct impact on them or their employees.

However, it should be noted that the creation of welfare in Slovakia is influenced by the political ambitions of the ruling parties. We cannot forget the situation in 2018 when the upcoming parliamentary elections were connected with the important social policy of the ruling party at the time. Shortly before the elections, several pro-social changes were adopted (such as the introduction of mandatory recreational bonuses provided to employees, a change in the form of calculation of the national minimum wage, the introduction of the 13th pension, tax exemptions for the 13th and 14th salaries of employees, etc.) with a direct impact on companies. The employers' representatives (all 3 higher employer unions agree) reject the mentioned procedure, especially if the government implements the policy without discussion with the affected parties (in this case, the employers). They expressed their position in separate opinions, media releases, at the meeting of the Economic and the Social Council of the Slovak Republic, and in a unified opinion (official letter). During this period, the Federation of Slovak Industrial and Transport Association turned to the International Labor Organization (ILO) with a request to assess whether Slovakia applies the ratified Convention No. 144 Convention on Tripartite Consultations and implements the recommendations of the ILO (No. 113 of 1960). A response is still awaited - and for that is necessary to issue a report for ILO, which takes place over longer periods of time.

However, one thing significantly influenced the creation of the Slovak welfare system, and also positively - Slovakia's efforts to join the European Union. Independent Slovakia applied for entry into Western structures in 1993. From this period, Slovakia had to start implementing measures for integration into the internal market of the European Union and implementing European Union legislation into the Slovak legal order (including changes in welfare). In 1997, the European Council approved the concept of EU enlargement, but the Slovak Republic was not included in the intensive negotiations on membership in the European Union due to the non-fulfillment of political criteria and insufficient respect for human rights and democracy. With the change of political set-up in 1998, Slovakia adopted a new political path and began to catch up with other acceding countries in terms of integration. Shortly before joining the EU in 2004, the reform efforts reached their final peak. However, the adopted changes had to make an "impression" on the original EU members and meet the statutory conditions. A new social system was adopted (the new Social Insurance Act and changes in the pension system), but it also brought a weakening of the position of social partners. As stated in the economic review, these reforms also contributed to the start of the Slovak economy into high gear.

The year 2004 was also a turning point for tripartism - the original tripartite law was repealed. The new law recognized the social partners as just an advisory body of the government and changed their overall position. Until then, unions and employers enjoyed the executive level of power and had the right to repeatedly renegotiate laws they were unhappy with. The representatives of the government at the time expressed the opinion that the tripartite form at that time did not fulfill its purpose and its abolition forced the politicization of the trade unions. According to them, it made no sense to negotiate with the trade unions, which, although pretending to be a social partner, had political ambitions, were beginning to engage in opposition politics, and even behaved like an opposition political party. According to the head of the Ministry of Economy, the Slovak tripartite law was above-standard legislation in Europe. Of course, the change in competencies was not well received by the social partners (rather with great reluctance), on the other hand, the tripartite created on post-communist foundations and corrupt governments of the 90s had to adapt to European standards. Representatives of employees and employers who were represented in the tripartite - KOZ SR (trade unions) and FEA SR (representatives of employers) considered the repeal of the tripartite law to be the death of social dialogue in Slovakia and a dictate of the government towards the social partners.

However, it can be seen from various media outputs in the given period that the change in the conduct of the social dialogue had more supporters than opponents. A large majority agreed to repeal the tripartite law, which formalized social dialogue at the highest executive level and had already been overcome. According to experts, tripartite in the state in which it functioned until recently has lost its justification. It became a place where some of its members on the employer side pursued their particular agendas, and tripartite trade unions often unnecessarily prolonged the legislative process, being more interested in politics than in fulfilling their role in individual enterprises in protecting the interests of employees. Thus, the prevailing opinion was that social partners should not have decision-making rights when adopting legislation.

According to the new statute of the Council of Economic Partnership and Social Partnership of the Slovak Republic (now called the Economic and Social Council of the Slovak Republic), it has become a consultative body of the government, and the approved opinions of the social partners will take the form of a recommendation to the government. Since the adopted positions on the floor of the Council will not be binding for the government, it is only in the interest of the social partners to find a consensus during the negotiations that will be acceptable to all interested parties.

The position of social partners and their role in Slovakia is influenced by the preferences of the leading political party. While in the 1990s, thanks to the privatization of state-owned enterprises, they represented an important part of the executive power, their influence gradually began to weaken with the effort to join the European Union and also with the change of the ruling political power. Developed European countries with a different historical background, which does not fully correspond to the foundations of post-communist countries, have just been used as a model. Nevertheless, in the last decade, there has been increasing pressure to professionalize unions and employer representatives, who represent themselves as an apolitical grouping, albeit with a strong lobbying environment.

2.2.1. The pension system in the Slovak Republic

The pension system in Slovakia is defined by Act No. 461/2003 Coll. on Social Insurance and consists of a scheme built on three separate pillars.

- **1st pillar** – pension insurance is mandatory statutory pension insurance, participation in this insurance arises directly from the law for eligible persons and is funded on an ongoing basis and administered by the Social Insurance Agency. However, the Act on Social Insurance also enables voluntary pension insurance.

Pension insurance is comprised of two independent, separately funded sub-schemes administered by the Social Insurance Agency:

- old age pension insurance - insurance to secure income in old age and the event of death,

- disability insurance - insurance in the event of the reduced ability to perform gainful employment due to the long-term unfavourable health state of the insured and in the case of death.

- **2nd pillar** – is pension insurance – old-age pension saving defined by contributions and capital-funded insurance administered by pension fund management companies. It is based on savings invested in an individual account intended, together with the old-age insurance provided by the Social Insurance Act (1st pillar), to guarantee an income to the beneficiary in retirement or his or her descendants in case of death.

- **3rd pillar** – is pension insurance - voluntary supplementary pension saving defined by contributions and capital-funded insurance administered by supplementary pension companies.

Most important changes in the pension system in 2019:

Adoption of Retirement age cap – Retirement age cannot exceed age 64 years (adopted by amendment of Constitution) and removing the automatic adjustment of the statutory retirement age to life expectancy

Change in minimum pensions – Increased value and indexation change

Increase in the Christmas bonus

Change in the first-pillar benefits for the second-pillar participants

Most important changes in the pension system in 2020:

- February 2020 - Adoption of 13th pension - the amount of the 13th pension should be in the amount of the current average individual pensions for individual recipients.
- October 2020 - Amendment of 13th pension – became a state social benefit, and all pension recipients will be entitled to it. Its amount is determined differently, depending on the amount of the pension; the maximum will be 300 €.
- Adoption of Retirement age cap was adopted without expert discussion. The cap on the retirement age and the increase of minimum pensions may affect the risk-of-poverty-or-social-exclusion for the elderly and the aggregate replacement ratio.

The changes in the pension system, which were adopted last year (2019) and early this year (2020), have a strong adverse impact on the long-term sustainability of public finance, in light of the ageing of the Slovak population which was pointed out and criticized by press statements of APZ and other employers' associations. By 2070 the deficit of the pension system is expected to exceed 7% of GDP. Medium-term and long-term sustainability indicators (S1 and S2) suggest that Slovak public finances are facing a considerable risk. Gradual reduction of the deficit in combination with pension reform will be necessary to address long-term sustainability risks.

Position of Employers' Associations on pension system policy in Slovakia

Employer representatives at the national tripartite level show a high level of agreement in this area. Disagreeing or contradictory opinions of the national social partners were not recorded during the interviews. Sectoral and professionally oriented lower unions do not actively evaluate the topic (except for directly affected unions, e. g. Union of Slovak pensioners or the Association of pension management companies, etc.).

The Federation of Slovak Industrial and Transport Associations as an organisation representing the biggest industrial employers in Slovakia actively acts, issues, and publishes its press statements, comments to the new and amended legislation in the inter-ministerial comment

procedure and statements as the member of tripartite in the Economic and Social Council of Slovak Republic in the area of the pension system.

For example, the Federation of Industrial and Transport Associations addressed disagreement in 2019 about the retirement age cap (Retirement age cannot exceed age 64 years), and other employers' associations still insist on the cancellation of the upper limit of the retirement age in the Constitution or any other legal acts. In addition, the Association of Industrial Unions also points out that in this case, the government ignored the employers' comments on the tripartite. The employers' associations considered it irresponsible that such significant changes were adopted in Slovakia through parliamentary proposals, and thus without a proper inter-ministerial comment procedure. It was a gamble with the future of Slovakia and a step back and will cost Slovakia about 120 billion euros in the coming years. Some analyses already assume that the state will solve this deficit by increasing taxes and levies, which is unacceptable for employers.

Employer's associations i.e. The Federation of Industrial and Transport Association urge the Government to embrace measures aimed at ensuring the stability of the pension system, which will also bring the overall long-term sustainability of public finance in the Slovak Republic and push the Government to support retirement voluntary savings (2nd and 3rd pillar).

The latest Slovak government's ambition to remove capping from the constitution and to relate the retirement age to a dynamic value has been transformed into a new reform of pension introduced to the public in November 2020 by preparing new constitutional law defining the essentials of the first and the second pillar. Association of Industrial Unions has raised comments on the new draft of constitutional law prepared by the Ministry of Labour, Social Affairs and Family of the Slovak Republic this November 2020 during the pre-comments phase, in concrete:

- to add another principle of the pension system "determine an adequate level of compensation for previous income in the interests of the sustainability of the funded pension scheme.". The compensation rate should be set so that, in conjunction with adjustments to the retirement age, the funded pension system is sustainable.
- to set the maximum allowable rate of old-age insurance contributions. The Association of Industrial Unions is of the opinion that the constitutional law should set the highest permissible rate of old-age insurance contributions, for example by the maximum possible percentage of the total price of labour.
- the state shall support voluntary retirement savings, in particular through tax benefits. Regarding the proposed change, the Association of Industrial Unions considers it appropriate for the constitutional law to specify state support, also to make the tax benefits of voluntary savings provided for in the Income Tax Act as massive as possible.
- to set that the valorisation of pensions already granted must be at least equal to the increase in the cost of living to maintain the standard of living of pensioners. The word

"least" should be emphasized, as constitutional law should guarantee that valorisation below this level will not be possible by "ordinary" law.

Shortly before the parliamentary elections in 2019, in an attempt to secure political preferences for the then governing party SMER SD, it approved 13th pensions in an abbreviated legislative procedure 4 days before the elections - regular annual remuneration for pensioners in the amount of no more than 300 euros. Employers unanimously objected to this procedure because:

- this is the re-use of a shortened comment procedure (instead of 14 days, only 7 days) on welfare issues, while social partners are not provided with sufficient time to prepare arguments,
- the bill has a negative impact on the state budget (Social Insurance Agency budget), which is deficient in this area and unsustainable in the long term,
- this is a politicization of the topic and an effort to gain votes.

The adoption of the legal norm in February 2020 was criticized by President Zuzana Čaputová. In the submission to the Constitutional Court, she did not object to its content, but to the legislative process. According to her, it was a "gross and unprecedented abuse of the institute of abbreviated legislative procedure, which has no parallel in the current legislative history of the Slovak Republic". After the change of the ruling party, the provision on 13th pensions was changed and instead of remuneration, it was introduced as a state social benefit. However, this changed the original wording of the law. The cancellation of the original provision also resulted in the suspension of the proceedings of the Constitutional Court, which was not expressed by a precedent for such use of abbreviated legislative proceedings.

There are currently major discussions about the sustainability of the pension system. Up to 80% of all social contributions in the 1st pillar are spent on the payment of pension benefits, and the state system is therefore unsustainable. The 2nd pillar is criticized mainly for inappropriate investment instruments that do not contribute to maximizing profits. 60% of contributions are still invested only in conservative bond funds. More and more citizens are using the savings 3rd pillar because its importance is starting to grow. Today, the pension system is the subject of reform efforts. The association of pension management companies does not agree with the submitted proposals for stronger state intervention in pension savings through centrally determined investment strategies or the establishment of its public institution that will manage savings. They see behind this the risk of nationalization of private pension savings. Unfair competition is also a risk, as the conditions for a state institution may be different than for a private one, and this will not contribute to the stability of the system. The Ministry of Labour declares the strengthening of the second pillar, but the way, by which it wants to achieve this, questions the declared goal, as it is proposed to reduce the minimum rate of contributions to the second pillar as it is currently. Through their membership in the higher tripartite union, these representatives managed to achieve the suspension of the aforementioned legislative

proposals in 2020. However, a new legislative proposal is expected to be reopened at the end of 2022.

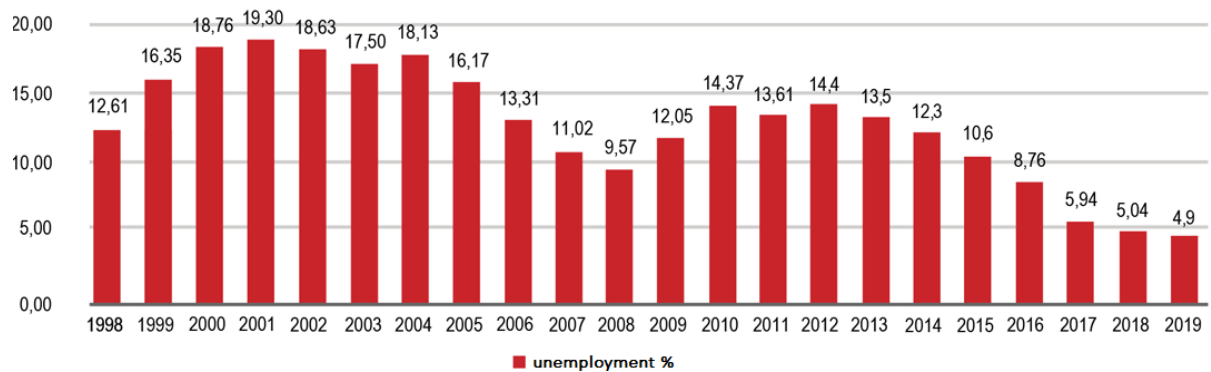
Due to the growth of inflation (caused by the repercussions of the pandemic, the energy crisis, and the continuing shortage of components and raw materials due to the war conflict), several EU countries provided financial support to the most affected population groups. Among them, is a pensioner. Social partners jointly criticize that the Slovak government has not taken such measures toward pensioners. The only step the government has taken so far is that they were given a one-time allowance of 100 euros and the 13th pension was paid earlier. Although the government prepared a package of measures, which it initially called anti-inflationary, in the end, it was an increase in support for families with children under the government's program statement (fulfillment of election promises). It did not include any assistance to pensioners due to the increase in the prices of gas, electricity, food, etc. All social partners strongly criticized the government's actions and demanded the targeted direction of financial support to all social groups. The Slovak Pensioners' Union repeatedly asks the government to help the pensioners and to launch a petition to force it to take action. In this regard, the government has not adopted any position and still does not respond to the mentioned criticism.

As part of less strategic measures, the talks resulted in demands for the cancellation of a special type of compensation upon termination of employment with an employee who has reached retirement age. According to the law, such an employee is entitled to the so-called severance pay at least in the amount of his average monthly earnings. Employers see no significance in this financial compensation just because the person has reached retirement age. It does not strengthen or weaken the will of the employee to continue working or the employer to employ him. It is therefore an example where the state, through regulation, orders the creation of a social policy for companies without any apparent effect. The employers demand the cancellation of this extraordinary payment. The Ministry of Labour rejects these proposals. From the interview with the representative of the ministry, it emerged that the existence of the provision ensures additional income to the state budget and the cancellation of the measure is not "politically passable" because it would be unpopular in the eyes of an ordinary employee voter. The practice is that companies (especially those with active trade unions) have similar benefits introduced of their own free will.

2.2.2. Labour Market Policy

The Slovak labour market is following the EU positive trend, but risk areas remain and have been improving as well in overall performance and this is reflected in the key indicators. The improvement is largely due to negative demographic change, with continuing expansion of labour demand.

Graph 3: Development of the unemployment rate in Slovakia



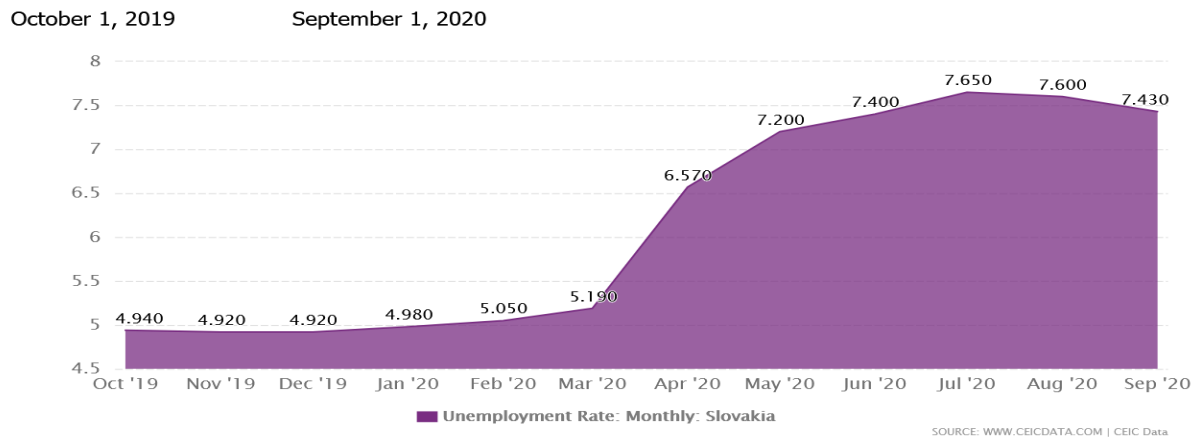
Improving GDP figures, increasing employment rates, and, subsequently, a lowered unemployment rate, however, have not yet translated into the improvement of one of the most frustrating problems of the Slovak labour market; notably, the very high rate of long-term unemployment. In addition, low-skilled workers, young people, women with young children, and the socially excluded Roma communities are at particularly high risk in terms of their labour market integration.

Overheating, vacancies, labour supply shortages in the EU and Slovakia, the negative demographic trend across EU countries (including Slovakia), and positive economic growth are the key reasons behind the labour shortages and high rates of vacancies in last years. Slovakia is on the top in the chart of long-term unemployment in the area of EU countries, the rate and impacts of it are different in particular regions. Measures realized are effective only in regions with lower unemployment, in problematic regions they appear only in the form of a waste of money.

Further, labour market developments in Slovakia will be increasingly sensitive and responsive to migration. A negative demographic trend, accumulated but persisting migration outflows, brain drain, and Slovaks working abroad in positions below their qualifications were characteristic of migration in Slovakia in past years and gradually contributed to labour supply shortages.

The need for employment of foreign nationals has risen in the last 10 years when the unemployment rate in SR started to significantly decrease. Nowadays almost 6 times more foreign nationals work in the Slovak republic (approximately 76 000) than it was in 2003 and until the outbreak of COVID it had a rising trend.

Graph 4: Coronavirus negatively affects the Slovak unemployment rate



Source: Labour office statistics

The main reason for hiring a foreign workforce is the lack of Slovak workers willing and/or able to work. It is mainly about lower job positions, mostly in production or less-paid positions.

Table 8: Share of all citizens of EEA

Country NON EU	Share of all NON EU citizens in %
Plant and machine operators, and assemblers	57%
Skilled workers and crafters	15%
Support staff and unskilled workers	10%
Service and trade workers	6%

Sectors of the economy with the lowest disposition of suitable employees:

- Industry (especially automotive production),
- Services (especially gastronomy),
- Construction and
- Growing sector of IT.

Slovakia has one of the highest rates of long-term unemployed job seekers (up to 60%), who have lost their working habits, have no interest to employ themselves or they have no skills to handle the offered job position, despite the fact that they are registered as suitable candidates

on labour office. Effective measures and projects in support of the requalification of job seekers are missing.

Main reasons for lack of workforce according to employers:

- lack of interest of Slovak citizens to work in production,
- high fluctuation (10 - 20 %) and low stability of employees,
- missing fields of study and problems of the state education system, which does not reflect either current or future requirements of the labour market,
- a great lack of experts or people with the necessary knowledge (chemical sector, engineering, automotive industry).

Employers' representatives and employees' representatives demand the efficient use of funds to address the issue of the unemployed. Emphasis is placed on launching retraining provided by employment offices as well as introducing a new tool - lifelong learning. In the field of lifelong learning, Slovakia is at the bottom of the EU. This situation is caused by small opportunities and, in particular, the lack of interest of the majority of the population in continuous education. There is a need for education and state participation to make these programs attractive (mainly financially) to ordinary people. The training that is taking place today is just an initiative of employers. The second problem of retraining is that the courses provided by the employment office are chosen by the job seeker according to their preferences. This process is not managed in the context of the needs of employers in the region. The applicant thus completes e.g., accounting course but has little opportunity to apply it in the region. The third problem is the financing of projects and their evaluation. The European Structural Funds are primarily used as a source of funding. Slovakia's effort is to minimize expenditures from the state budget. Therefore, unless EU funding is earmarked, projects are more or less not implemented. As part of the evaluation of the effectiveness of the instruments, the applicant is monitored until the stage when he concludes an employment contract. Subsequent fluctuations, which are relatively high, are not observed and the candidate can be re-registered with employment offices in a relatively short time. This data is absent.

In this part of the interviews, the topic of social partners was actively discussed. Even if it is not directly about the labour market policy, it is interesting to perceive the role of employer representatives in the overall creation of employment policy implemented by the Ministry of Labour, Social Affairs and Family of the Slovak Republic. All employers agree that there is a lack of qualified labour due to the poor connection between the needs of the labour market and the education system. For linking the labour market and education, the National System of Occupations, which also defines the qualification framework for jobs, seems appropriate. The National System of Occupations is to be followed by the National system of qualifications, which is already managed by the Ministry of Education, Science, Research and Sports of the Slovak Republic. The National system of qualifications will be transformed into the necessary fields of study at secondary schools and universities. Due to the pressure of tripartite organizations, a change in the law is currently being implemented, which will legitimize the role of employers

in the creation of national occupational standards. An independent platform will be created - the Alliance of Sectoral Councils (which still exists today, but only in the form of a national project funded by the EU without connection to state policy), which will be made up of representatives of relevant ministries and, by law, also representatives of employers. The Alliance will be the creator of the National System of Occupations and the administrator of the new sector councils, whose members will also be company representatives. This is considered a great success. The law is still being drafted and should enter into force in 2023.

Currently, Slovakia also uses significant financial resources to support social dialogue from European structural funds. As stated in various parts of the report, the social partners suffer from a lack of professional capacities mainly due to only contribution financing from the members of the association. In the past, an intention was created, the main goal of which was to strengthen the professional and analytical capacities of social partners to build an infrastructure and a communication platform for social dialogue, and the development of social partnerships at the national and international levels. It is currently implemented as a national project "Supporting the quality of social dialogue". During the creation of the new program period, the social partners asked to create a continuation of this project, which was succeeded, and today it is clear that in 2023 the same project will be launched continuously with a focus on social partners. This is equally considered a great success and the ability of employer representatives to continue building their expertise.

In every area studied in this report and the interviews, a strong politicization of welfare in favour of electoral votes was pointed out. In 2018, the law introduced a new obligation for employers to provide statutory allowances for employee recreation in Slovakia. Such contributions are usually a form of benefits and social systems created by the company itself, but in Slovakia, it is required by law. Higher employers' unions have confirmed that the provision of a contribution is a standard part of collective agreements and benefit systems. The reason for the introduction of a mandatory contribution once a year for recreation was the government's effort to increase the number of visitors to Slovak accommodation facilities. Employers objected to the introduction of this obligation, because the state, with this regulation, transferred the responsibility for the development of tourism to the companies. At the time of the adoption of this legislation, another legislation was introduced, which offered a certain degree of counterbalance to the new obligation-burdening businesses, and financial compensation in the form of exemption from taxes on the 13th and 14th salaries was also included in the law. If the employer provided his employees with a 13th and 14th salary in the amount of the employee's average salary, the sum of up to 500 euros was exempt from taxes and social contributions. The measure was evaluated very positively by the employers, regardless of their demand for an increase of 500 euros up to the level of the average wage. In this regard, they found agreement with the government at the time that this will help improve the income status of employees and motivate employers to provide extraordinary wages. The implementation of the measure was extended for a full 2 years. However, shortly after the new elections, this exemption was cancelled through a parliamentary proposal (outside the

standard legislative process and the social dialogue). The new obligation to provide recreation vouchers continues to operate in the law today, and the second "mitigating" element was abolished in a relatively short period of time. Employers' representatives objected to the government's approach when it proceeded to repeal the legal provision "in silence" and purposefully avoided social dialogue.

Employers' representatives are trying to enforce the principle of one in - one out as part of the discussions. Regulations in the area of labour market policy, employment, and welfare are high. Thus, there was a legitimate demand to introduce the principle that when a new regulation or obligation is introduced, it should also be offered to drop the new one. This position was taken by several ministries, e.g. The Ministry of Economy of the Slovak Republic, which even upgraded it to the level of one in - two out. This would introduce the practice of trying not to increase regulation, but even to start reducing it. The measure is not implemented in the realities of legislative processes and was not adopted by the new government at all. The need to optimize duties is not taken into account, but new ones are added. Employers' representatives demand the introduction of the principle into practice.

On the contrary, there was a new request from the ministries in the preparation of laws and the submission of new proposals by employers. It was never officially stated, but in the debates about the laws, more and more emphasis is placed on the budgetary coverage of the laws. Employer representatives fear that if their proposals do not include a mechanism that would provide compensation for the proposal, it will not be possible to discuss them further. The reason for this concern is the fact that Slovakia must present a balanced budget in 2024. However, due to the impact of the pandemic and various financially demanding government measures implemented in recent months (compulsory testing in companies, rewards for those vaccinated, and a huge package for families), Slovakia's national debt has increased to such an extent that we are coming under the scrutiny of the European Union. Employers and their representatives rightly fear that the country will not be able to implement innovative changes that will require an initial investment in the near future.

2.2.3. Education

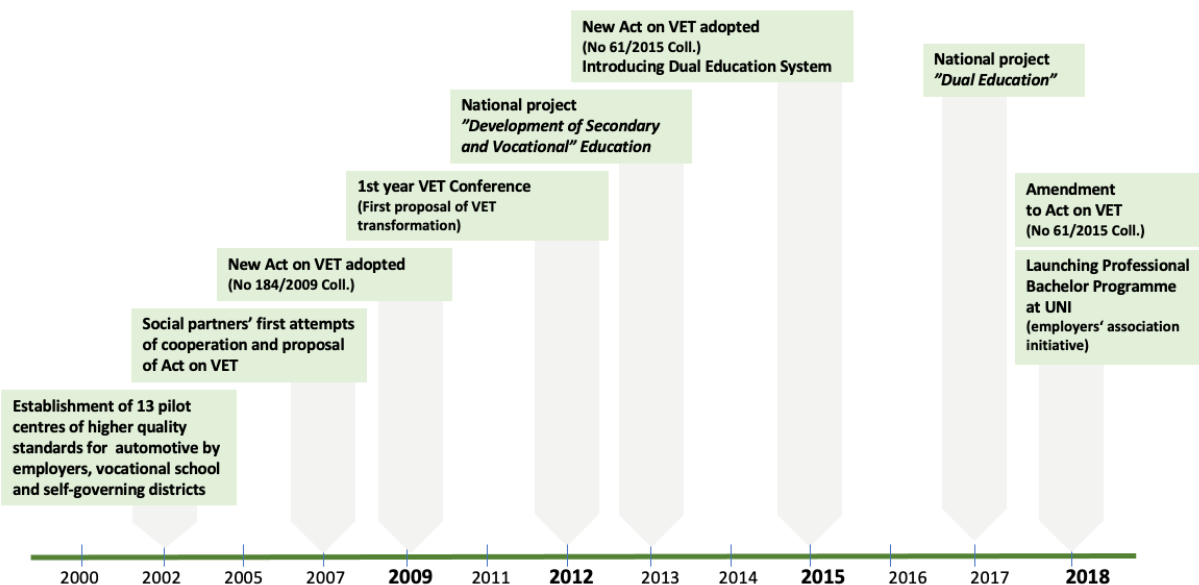
The Slovak education system needs to be better adaptable to a rapidly changing socio-economic environment and challenging innovations due to the Fourth Industrial Revolution. On the other hand, the government should be open to the processes of defining the country's education strategic directions, formulation of particular policies based on recommendations of social partners as well as the implementation of those policies in the first place.

According to the Federation of Slovak Industrial and Transport Associations, the main purpose of social dialogue is reaching or building consensus that through consultations provides the stakeholders with an opportunity to influence the decisions that affect them mainly in terms of highly qualified workforce, digital revolution, green and responsible economics or other issues of common interest. The key aspects of education policies, such as reforms or other initiatives,

cannot be fully realised without the full involvement of the social dialogue. The social partners, especially at the sectoral level, play an active role and have direct knowledge and experience of the labour markets²⁰.

The Slovak Republic started facing an increasing demand for a shortage of skilled workforce in the manufacturing and automotive industries. The prognosis that had been made by the Automotive Industry Association of the Slovak Republic mainly regarded as a wake-up call seemed to be plausible. In 2012 the foundations for the 1st Vocational Education Training Conference were laid. The main topics driven by the Automotive Industry Association of the Slovak Republic were the VET transformation, demographic decline as well as very poor school leavers' employability in a field related to their studies which put pressure on the Slovak education system. At that time youth unemployment reached 34 %. This was a clear indication of a skills mismatch, pointing to the need to improve the relevance and quality of the Vocational Education System that had been built on a strong and long tradition in the Slovak Republic, however, nowadays it is considered less prestigious by the public. Those initiatives both at the national and local levels such as the new Law on Vocational Education and Training passed in 2015 set directions for policy change toward greater work-based learning orientation²¹.

Graph 5: VET Transformation based on social partners initiatives in Slovakia



Source: Interpretation by The Federation of Slovak Industrial and Transport Associations

²⁰ VET Advisory committee – The Future of Vocational Education and Training after 2020, https://epale.ec.europa.eu/sites/default/files/buducnost_odborneho_vzdelavania.pdf

²¹ OECD Reviews of Vocational Education and Training - A Skills beyond School Review of the Slovak Republic, <https://www.srk.sk/images/intranet/Rozlicne/9115041e.pdf>

The adoption of the new Act on Vocational Education and Training in March 2015 established an official nationwide framework for Dual Education²². Dual education should enhance students' practical skills, increase their contact with the real world of work as well as help employers to prepare the future workforce thanks to latest technologies and production facilities. Within this system, the role of employers has been reinforced. They have become fully responsible for organising practical training, its content, and quality. They should also participate in adjusting the school curricula along with the associations of employers. On top of all, employers may benefit from fiscal incentives which take the form of tax exemptions.

On the contrary, the Act on Vocational Education and Training contained several drawbacks, which restrained students from better integrating into the system as well as schools from entering into the systems due to the reduction of normative finance per head. Besides, all subjects were facing up to high administrative bureaucracy as well as insufficient financial support mainly on the side of employers²³. Further development of dual education was supposed to make employers' rights and responsibilities more explicit. Many large employers, national employers' associations as well as foreign chambers of commerce have started actively engaged in strengthening the position of the dual system. This initiative has led to the implementation of the national project Dual education and enhancing the attractiveness and quality of VET which will have finished by the end of this year.

Unfortunately, the project was perceived by the public as a political rather than a professional one. Nevertheless, the dual education system proves their criticism wrong. It does make sense to persist in building the system based on first school-leavers' experiences.

Employers' associations along with the Federation of Slovak Industrial and Transport Associations reacted to the requirements of the application practice, particularly in connection with the system of dual education, and were trying to open a social dialogue. As a result of the decision, the amended act became effective as of 1st September 2018.

These are some of the most important changes in the amendment concerning employers' associations:

- returning 100% normative funds back to schools - no reduction of normative funds for practical training,
- financial allowance for practical training on the employer's premises,
- replacing the submission of some documents with declarations of honour,
- making a contract with students until 31 January of the respective year in defined cases,

²² Daniel Gerbery - Implementation of dual vocational education and training in Slovakia: first assessments, <https://webcache.googleusercontent.com/search?q=cache:1m8LXXdd3hwJ:https://ec.europa.eu/social/BlobServlet%3FdocId%3D16144%26langId%3Den+&cd=3&hl=sk&ct=clnk&gl=sk&client=safari>

²³ Slovak Business Agency - Dual Education along with medium and small enterprises, http://www.sbagency.sk/sites/default/files/dualne_vzdelavanie_a_msp.pdf

- introducing the institute of a Company school and the position of the chief instructor.

All in all, the legislative changes adopted in 2018 marked a major turning point for the system that was also reflected in the overall increase in the number of students involved in dual education. According to the numbers, there were 3 970 students in 2018 but the number of students increased to 5 854 in 2019²⁴.

“67% of students involved in dual education represent the sector of mechanical engineering and metalworking production as well as electrical engineering”

A survey about the evaluation of the applicability of this year’s school leavers has been undertaken with a sample size of 576 school leavers:

- 238 students got employed by the employer whom they had been preparing for in dual education (47%),
- 53 students got employed by another employer (10%),



in other words, it could be regarded as a success, because 57% of students found their job immediately after leaving a school

- 43 students decided to finish their GCE examination after making an agreement with the employer whom they had been preparing for in dual education (9%),
- 53 students decided to enroll at university (11%),
- 36 students were registered at the Employment Office (7%),
- 83 students were unidentified (16%).

The role of employers’ associations has not been finished by this success. Eventually, there is another ongoing discussion with the Ministry of Education about the third amendment of the Act on VET now. All employers’ associations have unified and submitted 50 measures that are inevitable for improving the dual education system on behalf of the Employers’ Council. The Federation of Slovak Industrial and Transport Associations considers supporting company schools for being essential. It is the future of vocational education because the schools are founded by major employers mainly in the industrial sector. Business schools create a symbiosis between the needs of employers and the training of future employees, improve the country's competitiveness, and have a direct impact on the development of the state's economy. Maintaining the current status of company schools as well as accepting their unique position in terms of their conditions, and legal identity and defining the qualifications of employees without requirements of pedagogical education for principals/teachers/experts coming from a

²⁴ Internal database source – Outputs of Dual education and enhancing the attractiveness and quality of VET

real workplace is a must in order to set up own school funding and liaise more closely with employers.

In terms of vocational education, employer's associations are ready to initiate a social dialogue on the following topics:

- alteration in financing secondary schools – normative funding does not give secondary schools flexibility in their effective use. It is necessary to consider setting up new schemes of funding. Employers' associations suggest that the future applicability of school leavers should be taken into account. The result of quality VET depends on the successful employment of school leavers in the labour market without the need for further retraining, which burdens our state by other millions of euros per year,
- rationalization of the school network - current economic trends, the development of labour market needs, high costs of educational tasks, and demographic development point to the need to reduce the number of secondary schools. Currently, there are around 845 secondary schools that cover only 217,000 students. In order to maintain their position, general secondary schools eliminate vocational schools that are technically oriented in favour of the study programmes based on their alluring name that seems to be more attractive to students and parents. The fragmentation of the school network has a negative effect on funding, which is reflected in the insufficient resources of schools for their innovation and technological development. The situation is likely to be overcome by the establishment of large school centres,
- a new structure of study programmes – it would contribute to the reduction of public funds spent on education, more transparent planning of 1st-year students admitted to secondary schools and simplification of linking study programmes to the National Qualifications Framework and the National Occupational System. The revision of the study programmes would help to change the approach of parents and children in choosing their future profession, regardless of the difference between the required study programmes and unattractive study programmes based on their subjective point of view,
- school-leaving – work-based learning in a real workplace of employer's premises remains a priority for employer's association in the process of school-leaving. It is desirable to enable the employer to participate in creating assignments for the final school-leaving examination as well as to define to a greater extent the knowledge, skills, and competencies necessary for performing the particular profession. Moreover, it is essential to introduce a compulsory school-leaving examination in mathematics.

In terms of primary education, employer's associations are ready to initiate a social dialogue on the following topics:

- rationalization of the school network – expanding school territorial districts is crucial to create large and high-quality primary schools,

- elimination of the existence of small schools – especially one-class schools suffer from lacking funding not only for their daily running but also for their future development,
- adjustments of career counsellor – mainly based on the working experience of teachers participating in dual education and the needs of employers,
- adjustments of requirements for a career counsellor – he or she should be a trained expert in terms of career accompaniment of students which is supposed to be an independent job position therefore a pedagogical activity should be only complementary,
- adjustments of the job description of a career counsellor – a career counsellor position should be defined at least in the following way:
 - incorporating information related to careers, further studies, and occupations into the subjects,
 - organizing workshops for students to obtain information about the labour market, study opportunities, and self-knowledge,
 - arranging visits at employers' = taste of professions, where students have the opportunity not only to understand a job position in theory, but above all to try out the profession in a real time,
 - working individually with students, encouraging them to search and select information based on its relevance,
 - developing interactive parental involvement.

The aim is to create a system of national support and development of career counselling as well as to set optimal conditions for career accompaniment of students during their studies, including the support to career counsellors regarding a series of communication materials and workshops.

In terms of tertiary education, employer's associations propose to open a public discussion on the optimization of internal organizational structures of university management. Tertiary education needs big changes, but universities are notoriously resistant to internally directed reform—too many interest groups think they “own” the university—the students, the faculty, the administration.

In the opinion of the Federation of Slovak Industrial and Transport Associations, the academic senate has immense power. Based on foreign studies, the Academic Senate should be in a position to control the educating process, while the competencies related to the management of a university would be entrusted to the Board of Trustees. Strengthening the competencies of the Board of Trustees would increase the influence of external background on the operation as well as better financial and academic policy decisions. External representatives mainly from well-known companies potentially have clout, and the advantage of a Real-World perspective on life often lacking within the Academic Senate. At present, universities are autonomous in determining the number of students who will be admitted to study at their premises.

Application practice points to the fact that universities do not regulate the number of admitted students sufficiently. It is important to set the rules so that the state has the right to control the number of students admitted to university studies. Only the same number of students should be admitted to the 1st year of university studies as many of them are needed for each sector of the economy, which could be regarded as an admission-free study in such a case. Students who are admitted beyond the scope of this plan would have to pay for their studies independently or with the possibility of the state's assistance, for example in the form of a scholarship.

In the interests of providing a qualified solution to the issue of university optimization, employers' associations would like to propose holding a joint working meeting with employers in close cooperation with the academic community. In addition to the above proposals and the amendment to the law, the reform of tertiary education should also include:

- a long-term vision of universities development by 2030,
- on the labour market's side, clearly define the required study programmes and increase the number of graduates of technical universities by streamlining the preference of the required study programmes in the form of scholarships,
- no additional financial support for universities, if they admit to the 1st year of studies more students than their reference numbers - students can study what they want, but they must pay for it. Such an approach would partially ensure an outflow of students to "friendly" universities, where they can easily obtain a degree, albeit with a minimal prospect of employment in the field they have studied,
- incorporate a financial advantage of universities producing graduates in the required fields into a new financing system. The aim is to support education mainly in technical fields, which are of high interest in the labour market, and to motivate universities to cooperate more closely with the industrial sector,
- support studying in professionally oriented bachelor's programs,
- in selected study programs, place the obligation on practice for 3 to 5 months during university studies, for example, according to the type and nature of the study, including the material and financial security of the student by the state. Models and examples should be set up based on other countries' systems that exist and operate similarly,
- fundamentally change the system of quality evaluation of tertiary education and training so that the financing of schools could be set on the following basis: the usability rate of university graduates in the field they have studied, the rate of foreign language education, student mobility rate, an indicator of university cooperation with the private business sector and a number of provided solutions of projects that could be implemented in companies,

- revise the system of three-level tertiary education to better reflect the reality and historical context of the Slovak education system, in particular, to increase the quality of bachelor's studies.

Because of the further spreading of COVID-19 disease and the opportunity of granting the Slovak Republic access to the Recovery & Resilience Facility, the Association of the Industrial Unions along with the Alliance of the Sectoral Councils of Slovakia prepared a proposal for fundamental education reform with an estimated budget 1 200 000 EUR. The government must have an educational and science policy set up so that our schools, and universities are creative and productive institutions for the benefit of society that contribute to the global development of knowledge and education.

2.2.4. Family policy in the Slovak Republic

Family policy in Slovakia is based on the approach to the family as an institution with irreplaceable functions, the degree of state interference in family life depends on political decisions and is linked to the issue of redistribution of resources. Family policy is a part of social policy, as one of its content components, and includes measures to support families with dependent children, but also elderly or disabled members. Family policy in Slovakia is implemented cross-sectionally in cooperation with several ministries.

The State supports families with children with the following allowances:

- birth allowance,
- birth allowance supplement,
- allowance for parents upon the birth of three or more children or the birth of twins in the course of two years,
- child allowance,
- child allowance supplement,
- maternity and parental allowance and
- allowance for a child in alternative care.

Maternity leave and Maternity allowances

Maternity allowance is a contributory benefit provided by the Social Insurance Agency based on pregnancy or care for a new-born child. The length of receiving the maternity allowance in Slovakia during maternity leave is standard 34 weeks - a minimum of six to a maximum of eight weeks before the planned day of childbirth and 28 weeks after childbirth. If a woman is lonely (single or divorced, lives alone), the mother can take 37 weeks. Concerning the care of a new-born child, a man also has parental leave from the birth of the child to the same extent as it

belongs to a woman on maternity leave if he takes care of the new-born child. The sum of maternity allowance is calculated as 75 % of the daily assessment basis or from the probable daily assessment basis (= 49,9563 € - daily sum in 2020).

Parental leave and Parental allowances

To deepen childcare, both a woman and a man can ask the employer for parental leave. The employer is obliged to comply with such a request. Parental leave may be provided to the extent of not more than 3 years of age of a child. In the case of a child's long-term unfavourable health condition requiring special care, the employer is obliged to grant parental leave to a woman or a man who so requests until the child is 6 years old. This leave is usually granted for at least 1 month. During parental leave, the parent (or other designated persons) is entitled to a parental allowance under specified conditions.

The parental allowance in 2020 is:

1. EUR 270 per month,
2. EUR 370 per month, for a parent whose maternity benefit was paid prior to entitlement to parental allowance.

The increase in parental allowance will result in an increase in the mean equalised disposable income for all deciles, with a minor positive effect on the at-risk-of-poverty level and poverty gap, and a stronger effect for single-parent families.

Long-term care heavily relies on informal care by family members and up to 71% of people with a family member who requires long-term care organised this on their own, so they are part of the population outside the labour market. Only persons diagnosed with severe disabilities receive financial support. The nursing benefit to care for a family member increased to match the net minimum wage.

Other benefits

Furthermore, sickness benefits, benefit for the care of a sick relative, and equalisation benefit during pregnancy are provided to parents (or future parents) from sickness insurance. You are entitled to Child Benefits for each dependent child in your care. When your child first enrolls in primary school, the child benefit is increased by a one-off payment.

A new type of allowances – pregnancy allowances and pregnancy scholarship allowances

Pregnancy is a new health insurance benefit introduced in 2021. The purpose of the benefit is to provide a pregnant woman with income that will serve to compensate for increased expenses during the pregnancy. Pregnant women from the 13th week of pregnancy who have been socially insured for at least 270 days can be entitled to the benefit. They can draw it up to the birth in the amount of 220 to 350 euros.

The pregnancy allowance is not the same as the pregnancy grant that schools provide to pregnant students. A pregnant college or high school student can apply for the benefit. The amount of the pregnancy scholarship is 200 euros per month from the 13th week of pregnancy.

Position of Employers' Associations on family policy in Slovakia

Within the family policy, employment flexibility and issues of reconciling work and family life resonate in particular. It should be noted here that these are state activities, mainly based on the requirements of the European Union. However, employers are calling for effective family policy tools to be put in place to help improve demographic curves. They realize that the proportion of people of working age is declining. The share of people in the post-productive age is growing the fastest, but the child component is growing very slowly. In family policy, employers mainly support the support of young families through housing support (there are few affordable rental flats available in Slovakia), which will also support the principle of job mobility. There is also a shortage of kindergartens. The mother or father cannot place the children in a preschool facility and return to work prematurely. There is also a discussion about the length of maternity and parental leave, which is one of the longest in the EU in Slovakia. Parents and special mothers thus lose their work habits and companies have found a relevant replacement (another employee) after such a long time and will release the mother. Discussions are currently taking place, in particular on the transposition of the EU Work-Life Balance Directive, which has introduced maternity and paternity leave.

Support for the construction of rental housing.

Slovakia lags behind in the availability of housing. The cost of housing places an above-average financial burden on families and becomes unaffordable for young people. Today and also in the past, there is general dialogue at the level of non-specific measures.

Main priorities and strategies:

- The priority is the construction of rental housing and social rental housing near important business and logistics centres.
- Provision of financial support to construction contractors from the State Housing Development Fund in the form of grants and preferential loans.
- Creating public-private partnership projects designed to solve problems related to increasing the number of available apartments (enterprise participation).
- Increasing the value of the employer's tax-exempt contribution to accommodation provided to its employees - is also related to the support of labour mobility.

The state is creating its strategy, which tries to reflect on the main problem - the lack of affordable housing. The strategy was not created with the participation of national social partners. Social partners will use the space within the legislative process and within the negotiating body - the Economic and Social Council of the Slovak Republic. National partners tend to coordinate and support each other on important topics. Not in this case. But the main

strategies and requirements match. The formulation of strategy and policies does not come from individual employers. It is the result of a discussion between several employers and put into context at the level of employers' unions.

Work-life balance

Main priorities and strategies:

- The main strategy is establishing clear rules and rights not only for employees but also for employers.
- The requirement is to establish clear conditions concerning the use of home office (remote work), especially in the definitions of cost reimbursement and health and safety.
- Employers point to the abuse of vagueness in the Labor Code, which leads to abuse in claims for incapacity for work (employee illness), child care, and doctor's visits.
- They also propose to re-evaluate the length of maternity and parental leave, which is one of the longest in the EU (up to 3 years of age of the child). A relatively long absence of the father or mother from the working process makes it difficult to include them in the labour market.

Submission of initiative proposals to modify some provisions of the Labor Code. Requests have been rejected for a long time - unwillingness to undergo unpopular changes. National partners tend to coordinate and support each other on important topics. The joint procedure of employers is most common in efforts to change the provisions of the Labor Code. The main strategies and requirements match. The formulation of strategy and policies does not come from individual employers. It is the result of a discussion between several employers and put into context at the level of employers' unions.

Availability of kindergartens and pre-primary education

Main priorities and strategies:

- The capacities of kindergartens do not cover the number of children of preschool age. It is not unusual for parents to have a problem with placing their child in a preschool after the end of their parental leave (child's 3 years).
- It is proposed to reduce the age of compulsory pre-primary education from 5 years, i.e., the last year before entering primary school. Today, the state cannot guarantee sufficient capacity for all children and rejects the proposal. The measure is also valid in relation to educational processes and socially excluded families. It seems that 1 year of pre-primary education is insufficient for children from a weak social environment to succeed in the subsequent educational process.

Employers are not the source of specific recommendations on the issue. The exception is pre-primary education. They draw attention to the extent of the problem in general. In this area,

the cooperation of national representatives of employers is not recorded. Again except for pre-primary education. National partners tend to coordinate and support each other on important topics. Not in this case. The main strategies and requirements match. The formulation of strategy and policies does not come from individual employers. It is the result of a discussion between several employers and put into context at the level of employers' unions.

Reassessment of the number of levy allowances for families with children, taking into account the economic activity of families.

Main priorities and strategies:

Involvement in legislative processes. Some representatives have prepared analyses, but they are not significantly enforced.

Main priorities and strategies:

- There are defined requirements for increasing the net income of the family. They are moving towards the introduction of levy reliefs for low-income families. The goal of the proposal is to prevent an increase in the level of the national minimum wage, which was a strongly political-populist topic until 2020. Since 2020, the country has introduced a formula for calculating the minimum wage, which is based on the average national wage. This removed the political influence on raising the minimum wage and reduced the need for employers to enforce the strategy.
- The tax and levy burden is high in Slovakia (46 % of total labour cost consists of levies and taxes of the state). This level is one of the highest within the EU and affects Slovakia's competitiveness in the fight for investments. Employers aim to always take into account the impact on the competitiveness of businesses when taking measures, so they are looking for solutions in the area of family policy that do not increase costs. If the state implements measures that do not have a direct impact on employers in the area of administration or finance, they do not prevent their implementation.

Cooperation of national representatives of employers is noted in the area. The topic is closely connected with the issue of the minimum wage. By reducing the political influence on the determination of the minimum wage, the importance of promoting this interest has decreased. New levy reliefs are generally preferred. There is general disagreement with the government's efforts to artificially increase the labour costs of enterprises.

Family policy as such is not in the mainstream. Despite this, several requirements are formulated, but they are based on a different motivation - ensuring a sufficient workforce in enterprises. From a demographic point of view, it is obvious that the share of working-age people in the entire population is constantly decreasing. Since 2008, there are almost 300,000 fewer people able to work in Slovakia compared to 2021. Slovakia is also facing a massive outflow of workers and students abroad, which represents an estimated additional 300,000 people. A strict migration policy does not sufficiently reflect the needs of the labour market. In their demands, the employers' unions increasingly clearly define the requirements in the area

of family policy as a contribution to solving a higher goal - to ensure enough qualified workers in Slovak enterprises.

In the course of the interviews, support for the shortened work was also mentioned in this area (so-called *kurzarbeit*). Although the topic is rather perceived as labour market policy. However, the impact of this measure has had a significant impact on job protection and family income security during the peaks of the COVID-19 pandemic. Slovakia adopted permanent short-term labour, which is also used today in the context of the war in Ukraine and a large-scale outage in supply and customer chains. Without the introduction of *kurzarbeit*, unemployment would increase and families would suffer. *Kurzarbeit* has been a topic of employers promoted since around 2017. It was based on a request from companies and through memberships with national employers' representatives, it became a big common topic. In this case, it is a good example of practice where the state and employer representatives created a common concept inspired by the experience of multinational companies. Although the law had to be adapted to Slovak legal standards, employers evaluate it positively. The state and central authorities show a high level of cooperation with companies and employers' representatives.

The last-mentioned area is the adoption of an extensive "family package" in May 2022. However, in this case, it is an example of bad practice that resulted in coordinated action by employers and employers' unions. It is not possible to talk about the arbitrariness of the state as much as the arbitrariness of the leading political party. Approved the family package was adopted under the auspices of inflation aid. The acceptance of the package also affects the part about pensions, where this example is also set. Inflation in Slovakia also reached its historical high from the beginning of 2022. Inflation thus began to grow faster than real wages. Of course, low-income groups were particularly affected - pensioners, single parents, people with a minimum wage, people without work, etc. The ruling political party adopted an extensive package worth 1.3 billion euros, but it was aimed at only one vulnerable group - an increase in child benefits, tax bonuses, and state contributions for children's extracurricular activities were introduced. Family contributions will increase until the beginning of 2023 by two to three times. The employers agreed to the increase in family allowances, and they pointed out the possible consequences – the package does not help all threatened social groups in the fight against high inflation; public finances are depleted due to COVID-19 and the war in Ukraine, and the national debt will increase. There is thus a fear of employers that the lack of financial resources in the state budget will lead to an increase in taxes and levies. However, the most fundamental problem was in the way of adopting the changes. It was not up for debate. It was not the subject of the legislative process and not even the subject of discussion by the coalition government parties. In addition, the law was adopted in a non-standard legislative process and within 3 days. The employers condemned this legislative procedure of the ruling coalition party and jointly requested a meeting with the President of the Slovak Republic. Also, thanks to this coordinated procedure, the president vetoed the bill in the National Council. The veto was overridden and the law was passed. However, the President of the Slovak Republic contested the legitimacy of such a short legislative process directly at the Constitutional Court. She did

not object to the content of the law, but to the method of its adoption. Employers and their unions welcome this decision. In the past, such abbreviated legislative processes or changes in draft laws after negotiations with social partners were frequent. If a political party wants to avoid discussions with employers, there is a way. Therefore, the decision of the Supreme Court of the Slovak Republic will be very important for the ability of employers or social partners to assert their interests in legislative processes.

On the topic of increasing the disposable net income of families, employers mention the context of the minimum wage. The interest of companies and associations is to maintain the cost competitiveness of Slovak companies. The rate of tax and levy burden on employees is relatively high. Employers' proposals are aimed at increasing household income without increasing labour costs. Until 2020, the minimum wage was used as a political tool to increase political points. The government and the unions are the good ones, and the employers and their unions are the bad ones because they don't want to pay the people more. The minimum wage was not accepted based on economic data, analyses, and recommendations of relevant institutions. When setting the minimum wage in Slovakia, the agreement of the social partners takes precedence. The amount will be decided by the state only afterwards. In the entire history of Slovakia, there has never been an agreement between employers' representatives and trade unions. Based on the development of the political situation in the last two years, social partners were activated and the first agreement was reached. The initiative came from the employers and the trade unions agreed with it. However, it is also necessary to mention the motivation - an effort to show that employers can come to an agreement with each other and with unions without government intervention.

2.3. Main companies' positions concerning social policy: Pensions; Unemployment; VET; Family policies.

In this section, a few elements of large firms' preferences in the four fields relevant to the project are described. It draws on the results of the survey and a few hints that emerged from the interviews, especially concerning MNCs. As expected, many remarks are coincident with what has already been analysed in detail when dealing with business associations; however, to some specific issues, large firms and MNCs attribute outstanding emphasis: this section focuses on such topics.

Before going through single policies, it is worth noting the survey results on the main public policies priorities. Reminding that the majority of companies in the sample are large size, Table S9 shows that the highest medium score (8,5) has been given to the VET policies ("Ensuring adequate Education to the Youth). For Slovak companies, this seems a really strong point, all over the report the issue of skills lacks is emerging. In line with what we have seen in the Employers' associations position, the lowest score for companies is related to pension policy (only 5,31 means in the category "Ensure a reasonable standard of living for the old"): this is less a problem for companies, which instead asking for reducing contributions and improving

VET policies. Companies also ask the government to develop labour market policies mainly for disadvantaged groups (mean score of 7,53) and unemployment benefits (mean score ate 7,24). Finally, we can see a score for work-life balance (“Ensure a better work-life balance of workers”). These results suggest that companies are asking the government to “innovate” its policy agenda, less considering social security transfers and improving instead of services.

Table S9 – How much responsibility companies think governments should have (mean of the score 0 to 10)

	Mean
Ensure a reasonable standard of living for the old	5,31
Ensure sufficient childcare services for working parents	5,41
Ensure a reasonable standard of living for the unemployed	7,24
Ensure better work-life balance of workers	6,78
Ensure labour integration of disadvantaged groups	7,53
Ensure an adequate education to the youth	8,5
N	51

The survey observed also some details in the general opinions just mentioned. Table S10 shows that companies are mainly worried about the potential cost to business due to welfare and less about the risk of the so-called “welfarism” (“making people lazy”). In any case table, S11 shows that companies highlight that the government should spend less on social benefits and social services. This confirms what is declared in table S10. If we observe tables S12 and S13 we can see that companies would like a general revision of welfare spending, not exactly spending less, but reducing public debt, thus rationalizing social spending. The resources made available should be then used to reduce taxes (see Table S13). All in all, companies would like the government to invest more in welfare, but they would not pay to support it.

Table S10: Opinion on the effect of welfare (number of companies that agree on the two sentences)

		Responses		Percent of Cases
		N	Percent	
	Cost businesses too much in taxes/charges	27	64,3%	96,4%

	Make people lazy	15	35,7%	31,3%
Total		42	100,0%	28

Note: this is a multiple response frequency report. Respondents could answer more than one category. The percentage of responses shows the percentage of responses on the total number of responses, while the percentage of cases shows that the responses in percentage on the number of cases

Table S11: Overall, should the government spend more on social benefits and social services?

	N	% of respondents
Agree	5	8,9%
Disagree	13	23,2%
Neither agree nor disagree	2	3,6%
I don't Know	36	64,3%
Total	56	100,0%

Table S12: How do you think additional social spending should be financed?

	N	% of respondents
The government should decrease public debt	3	75,0%
The government should increase spending in other areas of public spending	1	25,0%
Total	4	100,0%

Table S13: What should the government do with the resources made available?

	N	% of respondents
The government should decrease public debt	3	21,4%
The government should decrease social contributions	3	21,4%
The government should decrease taxes	8	57,1%
Total	14	100,0%

The survey gave us also some insights into the main policy the companies would like the government to invest in. Table S14 shows the answers of almost half the sample on what kind of policies they would see financed more by the government. Responses are again concentrated on VET policies and general Education together with labour market programmes.

Table S14: More precisely which policies the government should spend more on?

		Responses		Percent of Cases
		N	Percent	
	Unemployment benefits	7	3,8%	15,6%
	Old age pensions	19	10,4%	42,2%
	Social assistance to the poor	22	12,0%	48,9%
	Vocational education and training	41	22,4%	91,1%
	Education in general	40	21,9%	88,9%
	Labour market programmes	27	14,8%	60,0%
	Pre-school and early childhood education	27	14,8%	60,0%
Total		183	100,0%	45

Note: this is a multiple response frequency report. Respondents could answer more than one category. The percentage of responses shows the percentage of responses on the total number of responses, while the percentage of cases shows the responses in the percentage of the number of cases.

3. The „how” questions – the ways employers attempt to influence social policy

Economic and Social Council of the Slovak Republic and its legal framework

The primary legal framework for how employers' associations and trade unions can influence economic and social policy is set in Act. n. 103/2007 Coll. Code on Tripartite Consultations at the National Level and on amendments of certain acts (further only as “Tripartite Act”).

According to § 1 of the Tripartite act, the purpose of this act is to support effective social dialogue at the national level between the state and employers and employees (further only as “social partner”) through its representatives as a democratic tool for solving economic and social development, development of employment and ensuring social peace.

According to § 2 of the Tripartite act, this act regulates tripartite consultations at the national level between the state and social partners, who through their representatives negotiate with each other and discuss fundamental questions of economic and social development and the development of employment to reach an agreement on these questions. This act also regulates the establishment, composition, and principles of activity of the Economic and Social Council of Slovak republic (further only as “ESC SR”).

According to the current Tripartite act, employers’ representatives are the representatives named by representative employers ‘associations. Representative employers ‘association is an association of employers, which merges employers from several sectors of the economy or operates at least in five regions and who together employ at least 100 000 employees in an employment or similar employment relationship. the same condition applies to employee representatives.

In practice, according to this regulation, current members of ESC SR are the following:

- **1st party**

The State: The government, represented by ministers (7 members)

- **2nd party:**

The Employers: The Federation of Slovak Industrial and Transport Associations (1 member)

The National Union of Employers (2 members)

The Federation of employers ‘associations of the Slovak republic (3 members)

The Association of Towns and Communities of Slovakia (1 member)

- **3rd party:**

The Employees: Confederation of trade unions of Slovak republic (7 members)

United Trade Unions of Slovakia (1 member)

As you may see, there is a big difference in the number of representative associations between employers and employees in ESC SR. As practice has shown, this may cause serious operational problems and may also paralyze the function of ESC SR.

In 2020 there was a big argument between the government and the Confederation of trade unions of the Slovak republic related to the minimum wage for 2021. This argument caused the representatives of the Confederation of trade unions of the Slovak republic (which was at that time the only representative of employees in ESC SR), to refuse to attend ECS SR meetings therefore ECS SR did not have a minimum quorum to hold a dialogue or to make decisions. This stopped the entire social dialogue in the country for several months.

At this point, it is necessary to stress, that the obligation to carry the discussion in ESC SR relates only to governmental acts, that means acts that are proposed by the relevant body of government. This rule lowers employers' impact on legislation that is proposed by others than the government. Later we will describe the main differences between governmental acts and parliamentary acts in more detail to stress the different levels of engagement of employers' associations in these legislation processes.

We estimate the coverage by social partners at the national level at a relatively low level, but it is more pronounced in favour of employers. There are more than 3.5 million employees in Slovakia, and according to estimates, national representatives can represent more than 1/3 of them. It is more difficult for unions, as these data are not publicly known - according to the interviewees' estimates, the numbers are actually at the level of about 1/3 of the employees. This is only thanks to the customary coverage through public administration employees. In the private sector, the power of trade unions is gradually declining.

Employers' impact on legislation

Applicable laws and the obligation to conduct national social dialogue are governed by law. All government draft laws are a mandatory part of ESC SR negotiations. In the case of draft laws submitted by members of the National Council of the Slovak Republic, this obligation no longer exists. The second way of limiting the national social dialogue is the abbreviated legislative procedure. The dialogue does exist, but it takes place in a shortened time, which is not satisfactory.

The shortened legislative procedure during the CORONA crisis

According to § 89 of the Act n. 350/1996 Coll. Code on the Rules of Procedure of the National Council of the Slovak republic, in case of exceptional circumstances, when fundamental human rights or freedoms or security may be endangered, or there is a threat of fundamental economic loss for the state, The National Council may, on a proposal of the government, decide on a shortened legislative procedure on act proposal.

That means, if the government accepts such a proposal on the shortened legislative procedure, there is no obligation to consult/comment period on relevant act proposals. Even employers' organizations and trade unions, which are in normal circumstances considered an obligatory commenting subject are not allowed to submit comments to act proposals in case of shortened legislative procedure. This relates to any kind of acts, including those relating to employment, social welfare, economy, etc.

The government has begun using this institute of "shortened legislative procedure" mainly during the first wave of coronavirus (March 2020) and continues it using since then. Most of the acts that have been passed during the first weeks of coronavirus have been adopted almost exclusively through the shortened legislative procedure. In some cases, it is a reasonable and understandable approach in accordance with conditions stated in § 89 of the Act n. 350/1996 Coll. Code. It is understandable that Slovak legislation was not fully ready for a situation like this and some measures had to be taken in a short amount of time, otherwise there would be a significant health and economic risk. On the other hand, there were some act proposals that were not related to the corona crisis and did not have to be adopted through shortened legislative procedures. In cases when, according to our opinion, shortened legislative procedures were misused, however, the legal obligations were not fulfilled, and all national social partners strongly objected to such an approach. Unfortunately, the situation has not changed and the government is still using this institute of the shortened legislative procedure despite our objections.

Future ambitions on employers' impact on legislation

According to the above-mentioned information and the realised interviews about employers' impact on legislation, we can state, that there is no satisfaction with the extent of this impact on the submitted legislation, especially in the case of parliamentary proposals. And for example, in the case of "abuse" of shortened legislative processes, the President of the Slovak Republic submitted a proposal for an investigation to the Constitutional Court. The current situation remains unchanged for several years and employers regularly turn to the government to change the legislative procedural rules so that this influence is increased. Employer's organisations expressed pleasure with the Government's Program Statement for the years 2020 – 2024, in which several very good ideas and ambitions were declared in relation to legislation.

As most beneficial are:

- to strengthen the principle of legal certainty by amending the legislative procedural rules so that stability and predictability are immanent for the results of the legislative process,
- the impacts of legislative proposals will be comprehensively and participatory evaluated, including impacts on strategic planning and only legislative proposals with complete evaluation will be submitted to the legislative process,

- to ensure, that legal acts are not adopted without proper discussion with relevant stakeholders and the public,
- to develop using electronic tools when preparing and publishing legislation,
- to introduce the institute of a public hearing during the legislation process in case of legislation with codex character, in case of legislation relating to a large number of addressees, or in case of legislation in particularly important areas of public interest,
- to work on the unification of relevant parts of Governmental Legislative Rules and Parliamentary Legislative Rules, ...

3.1. The characteristics and role of trade unions in general and in the four policy areas

Since the 1970s, the crisis (crisis of legitimacy, financial crisis, and the crisis of institutions) of the welfare state has begun to be emphasized. Some authors associate the crisis of the welfare state, as well as the crisis of social citizenship and social partnership, with the historical decline of the importance of the organized working class and class-defined social movements on the one hand, and with the globalization of capitalism on the other. Actors who promote the "slimming" of the welfare state are gaining more and more influence. In the politics of many, especially post-socialist European states - including Slovakia - the acceptance of the principles of liberalism as the determining direction of ongoing social reforms and integration processes prevailed. On the other hand, the reflected crisis of the welfare state awakens - even if sometimes against the current - a new interest in the issue of social rights and social security of citizens, as well as in the issue of social and distributive justice.

Current development trends bring changes that weaken the organizational and bargaining power of trade unions. Knowing that "today there are much worse conditions for corporatist politics as well as for corporatist change" (Wolf, M., 2000) also points to the fact that, unlike in the past, unions today can offer less and less in political exchange negotiations.

In 2008 and 2018, surveys were conducted in Slovakia on the effect and degree of public participation in the creation of public policies²⁵. In this survey, a certain genesis can also be seen concerning employee representatives, as their strength in Slovakia is relatively low. Both pieces of research showed that there is a strongly rooted belief in the ineffectiveness of citizen participation in Slovak society. The main results of the survey show that the distrust of the citizens of Slovakia towards the institutions is high, while the level of participation in public events is, on the contrary, low. The majority of the Slovak public does not use any participation options. The survey clarified several reasons why the public does not participate: the majority of respondents think that their opinion will not be heard, or they live with the fear that "those in power will give it back to them", or that they will not be taken as equal partners by the

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https://www.minv.sk/swift_data/source/rozvoj_obcianskej_spolocnosti/aktuality/participacia/2019/z_dennikov_pilotnych_schem/december/1_MS_6_P0178_PODA2_Sposoby_a_miera_participacie_na_Slovensku.pdf

institutions. The survey also showed that the Slovak public trusts schools and universities, local self-government, the army, and the church the most. Political parties, the parliament, and the government of the Slovak Republic were ranked last in terms of citizens' trust in institutions. Among the most serious reasons is the loss of citizens' trust in political parties and the system of representative democracy.

The Confederation of Trade Unions of the Slovak Republic (KOZ SR) is the largest employee representative in Slovakia. Until 2021, it was the only trade union at the tripartite level. In its 32-year history, KOZ SR has focused on achieving goals such as the development of freedom, social justice, and solidarity so that every employee can lead a meaningful life while fully developing the personality and abilities of every woman and man with a guarantee of human and civil rights within a democratic society, professing the principles of a socially oriented market economy. They are part of European trade union structures. By putting pressure on the fulfillment of European standards, from the Labour Code to the expansion of collective agreements, ending with wage and social issues, they contributed significantly to social reconciliation. Following the amendment of the tripartite law in 2021, another trade union (The United Trade Unions of Slovakia) joined the ESC SR. It emerged from the interviews that The United Trade Unions of Slovakia were created by the separation from KOZ SR. This has resulted in the slow weakening of the long-standing exclusivity of KOZ SR at the national and company level. There are even recorded lawsuits over the determination of representativeness among several large employers.

Two main factors are important in the role of trade unions:

“The Labour Code in Slovakia is very rigid, extensive, binding and has even replaced the conduct of free social dialogue in companies. In the social field, the laws dictate several obligations to employers in the creation of their benefit programs (e. g. the obligation to provide employees with recreation vouchers for vacation, to provide food, reconditioning stays, and even wage levels beyond the minimum wage). Our laws are more generous towards employees than in other EU countries. Slovakia is losing competitiveness in this area. On the other hand, employers and trade unions practically discuss a relatively repetitive range of topics – the wages amount, extra payments beyond the scope of the law, and contributions such as work anniversary, the birth of a child, etc. Innovativeness in collective agreements is low.”

The second factor is the strong pro-social orientation of the ruling party over the last 2 decades. Government-union relations were relatively strong. This is mainly attributed to an effort to provide benefits to the direct voter base and to secure political points. We more or less wrote about this in several parts of the national report. It is questionable how this built-up fear of unions and labour strikes will change in the future. During COVID-19, after the temporary withdrawal of KOZ SR from the ESC SR negotiations (disruption of the national social dialogue in 2021) and most recently inflation, unions are organizing several strikes. The share of employee participation in these strikes is low and there is little political or media attention. This

may point to a potential further weakening of the role of employee representatives, as experience has shown that they are unable to trigger large-scale social demonstrations.

“At the same time, it is interesting to see the establishment of a new large trade union (The United Trade Unions of Slovakia). While KOZ SR is built on traditionalism and is not used to making compromises, the approach of the new trade union is slightly more liberal and more open to finding common solutions with employers.”

The interview with the United Trade Unions of Slovakia confirmed the same attitude towards the promotion of the interests of trade unions in welfare as presented by the employers. This is a clear disagreement with the circumvention of social dialogue and legislative processes, as is stated in the introduction of this chapter.

In the four investigated areas, the trade unions do not show their comprehensive strategy, but their positions are clearly defined. The main goal of trade unions is their transformation into modern trade unions of the 21st century and to actively deal with the challenges facing the labour market and the conditions of workers. However, at the same time, also focus on topics that are traditional or so-called bread topics. That is the traditional agenda of trade unions, such as social justice, salary increases, decent working conditions, etc.

“As for the new challenges that we will have to deal with, they are issues of digitization, climate change, and demographic development. All these areas will have and already have an impact on the world of work and in general on the conditions in which employees work even today.”

This is, for example, the issue of shortening working hours (work-life balance), which goes across Europe. Some companies are experimenting with shorter working hours.

“Women in Slovakia still earn less. There are several reasons, the biggest one being the cost of motherhood and family care. We can talk about unpaid household work, worldwide 72.5 percent of domestic work is performed by women, and in Slovakia, it is 68 percent, that means that a woman spends an average of 38 hours a week on unpaid domestic work, in no country is there a redistribution of men and women 50/50, countries such as Norway, Finland, Sweden, Denmark, Canada or Estonia come closest to it in the 40/60 redistribution. As a result, a woman is more affected by the loss of career growth and wage growth, which she will never catch up to and it will drag on until retirement. Then they also pay for it in retirement, because they have lower pension security.”

Women are more likely to choose lower-paid positions and sectors. We are talking about sectors that are 'pre-feminized', meaning that more women than men work there. At the same time, they are also rated low-paid, such as social services, healthcare, and education. In these sectors, employees mostly work in the public interest. They are paid from state resources and this may also be one of the reasons why they are rated low.

In the case of pensions, the setting of the minimum amount of the pension is important to ensure a decent standard of living for pensioners. The trade unions are also concerned with

the uncertainty in the sustainability of pension financing in the future. Already today, the system is significantly at a loss. Unlike employers, trade unions are not opposed to increasing social contributions, but only employers' contributions. They consider an increase in employee contributions, which would mean a decrease in their net salary, unacceptable.

In connection with the world crises, the trade unions demand that the state maintain the employment rate and support companies in their struggle with the consequences of the lack of production commodities and high energy prices. In collective bargaining, the topic of raising wages by at least the rate of inflation dominates.

In the field of education, companies encourage employees to improve their qualifications. They draw attention (similarly to employers) to the lack of pre-primary care infrastructure (but also social services for seniors).

“Rather, it is replaced by one of the longest-lasting financial aids during maternity and parental leave in the EU - it is more convenient for the government to implement transfers than to build nurseries and kindergartens.”

They are trying to encourage the government to come up with a conceptual solution for increasing the birth rate. They consider building economic or social stability and the overall social atmosphere as important.

“If you live in an environment of economic, social, social insecurity, in an environment of increased hatred and polarization of society, I think that this does not contribute to a positive decision to have a child.”

Based on the discussion with the employers, the topic of trade union activities was opened in the conversation with the trade unions. In Slovakia, the rule is that data on the number of unionized employees are not publicly known. In the past, the original wording of the law allowed the creation of "speculative" unions. Practically anyone who represented at least one employee in the company could start acting as a trade union. The paradox is that such fictitious unions reported their activities directly to the Ministry of Labour, Social Affairs, and Family of the Slovak Republic. It was practically only one person who used a loophole in the law and announced the creation of a new employee representative in important companies. This is how this person accessed the relevant economic and financial information of the company. In 2020, the legislation was changed. Trade unions did not agree with the original wording of the law, so the proposed provision was softened. Although it will not 100% prevent the creation of speculative trades, it will make their creation significantly more difficult. (By the way, a person who abused the system for a long time in Slovakia ended up in prison for other offenses).

3.2. The direct political weight of employers and self-employed in the country

Employers' associations (Slovak Chamber of Commerce, Slovak Chamber of Commerce, Slovak Chamber of Commerce) are represented by independent gainful activities, which mainly combine guilds with different types of trades (Cech roofers, Cech stonemasons, Cech bakers, and confectioners, etc.). Although the representation of self-employed people seems to be small, it is not true. Various trade guilds or small entrepreneurs are also part of typically employer unions - e.g. The Association of Construction Entrepreneurs of Slovakia represents large construction companies, but the members also include self-employed persons.

Currently, 494,235 people are authorized to do business as natural persons in Slovakia, and their number is growing every year. The reason for the growth of self-employment is disputed and has no good reputation. The prevailing opinion is that employees switch from employment to self-employment to save taxes for themselves and their employers. Companies can thus pay more on the invoice than the employee. In Slovakia, there is an institute of minimum social contributions for self-employed persons, who thus reduce their income. This creates a social problem - these persons do not reach the necessary amount of income and in their old age, they will be entitled to receive only a minimum pension, which will cause them to be poor in their old age. Likewise, these persons are not protected by the guarantees provided by e.g., Labour Code. From the interviews, we understood that potential employees from third countries are beginning to prefer this method as well. Because it is easier to get into the Slovak labour market through a business travel permit than for employment (the state limits employment permits for foreigners).

As a matter of fact, in the survey, companies (a large majority of the sample) replied that they do not have a direct relationship with both the government and the Parliament, as reported in Tables S15 and S16.

Table S15 -Level of direct Government consultation of companies in policymaking

Table S15 -Level of direct Government consultation of companies in policy making				
		Responses		Percent of Cases
		N	Percent	
	small extent	297	90,0%	450,0%
	Great extent	7	2,1%	10,6%
	I don't know	26	7,9%	39,4%
Total		330	100,0%	66

Note: this is a multiple response frequency report. Respondents could answer more than one category. The percentage of responses shows the percentage of responses on the total number of responses, while the percentage of cases shows the responses in the percentage of the number of cases

Table S16 - Level of direct Parliament/Legislators consultation of companies in policymaking

	Responses		Percent of Cases
	N	Percent	
Small extent	298	90,3%	451,5%
Great extent	7	2,1%	10,6%
I don't know	25	7,6%	37,9%
Total	330	100,0%	66

Note: this is a multiple response frequency report. Respondents could answer more than one category. The percentage of responses shows the percentage of responses on the total number of responses, while the percentage of cases shows the responses in percentage of the number of cases.

The role of employers in the labour market and society in Slovakia is generally below the EU level. Only in the case of the share of employment of self-employed persons in industry and services reaches higher average values. This confirms the situation that we state above.

Table 10. The role of employers in the labour market and society in Slovakia (2019)

	Share of employment				Share of adult population			
	% self-employed with employees	% self-employed with employees + family workers	% self-employed without employees		% self-employed with employees	% self-employed with employees + family workers	% self-employed without employees	
			Industry, Consumption	Welfare Smart growth			Industry, Consumption	Welfare Smart growth
EU-28	4.0	4.9	6.8	3.5	2.3	2.8	3.9	2.0
Slovakia	3.0	3.0	8.6	3.4	1.8	1.8	5.1	2.0

Source: own elaboration on Eurostat data

3.3. Type of engagement and involvement in policy making by employers and employer associations

In the 1960s, the theory of human capital was created. This term was first used by Schulze and in 1981 he explained it as follows: "take into account all human abilities, whether innate or acquired. Those that are valuable and can be expanded by appropriate investment will constitute human capital". (Bláha et al., 2013) The theory of human capital was developed by Chicago School economists. The results of their research showed that there is a direct relationship between education and labour productivity. According to Bláha et al. (2013) "it is the investment perspective that distinguishes the term human resources from human capital in economic and managerial terminology and theory".

Current practice proves that the human factor plays a much more important role in the organization than in the past. Why? The environment in which organizations operate can hardly

be described as stable. It is more about a turbulent environment where there are changes - even radical, unpredictable ones... The changes manifest themselves primarily in the shortening of the implementation times of the production of products, their quality, and usefulness, the high frequency of introducing innovations, etc. Since the 1990s, the development can also be characterized by the process of globalization and the associated mobility and migration, the development of information and communication technologies, etc. Existence in such an environment presupposes a high degree of flexibility, flexible response to changes, and the ability to correctly set strategies.

Engagement: the role of company/sector level policies (occupational welfare); lobbying

According to its advocates, social partnership leads to stabilization (at the level of the company and the entire society) and contributes to greater resistance to possible conflicts between organized interest groups, as well as to possible crisis developments both within an individual company and on a macroeconomic and societal scale.

The idea and practice of social partnership are most consistent with the concept and practice of a socially oriented market economy. Thus, social and economic partnership in a social market economy represents the protection of partnership goals and interests of the parties involved within the given economic and political social arrangement.

The conflict between capital and wage labour and their organized representations is not eliminated by the social partnership, but ritualised and civilized. Social partners consciously renounce certain violent means of promoting their interests and consciously prioritize mutual negotiation, compromise and agreement - that is, they consciously choose and prioritize a specific social partnership strategy. "Social partnership helps to prevent certain forms of conflict intensification and itself represents a certain new 'peaceful' model of conflict resolution," emphasizes A. Pelinka (1981, p. 66) in this context. Acting in accordance with the idea of social partnership means consciously preventing such a solution to the conflict that would result in the complete loss of one of the parties to the conflict, and purposefully applying a non-zero-sum game strategy.

The alignment of organized group interests with state policy is of great importance precisely in democratic states with strong organized interest groups, especially with strong trade unions. Large organized associations here also take over certain economic, social, and political functions. They take over the communication between the state administration and the groups affected by its measures. Thus, these associations fulfill an important political role. At the same time, the state leaves certain decision-making powers to them, for example, it leaves the tariff policy (negotiation of wages) to the parties to the tariff agreement: employers and employees. This situation, this consensus of the state, capital, and labor, mutually intertwined and linked systems, called new, liberal, or social corporatism, bring benefits to all parties: the state administration better information and assistance in guidance and regulation, the associations the possibility of effective enforcement of their interests (Alemann, U., 1981).

Table S17 shows that the companies in the sample are almost divided into two categories: half do not provide company social security at all, and half provide it to at least 50% of employees. On the one hand, it shows that well-being in companies is not completely common and companies only create "mandatory" mechanisms. However, when it comes to the implementation of company policy, it is diversified among different categories of employees.

Table S17 - Coverage of Company level policies

	Responses		Percent of Cases
	N	Percent	
No	564	59,8%	895,2%
Yes, to all employees	60	6,4%	95,2%
Yes, to less than 50% of employees	268	28,4%	425,4%
Yes, to more than 50% of employees	45	4,8%	71,4%
I do not know	6	0,6%	9,5%
Total	943	100,0%	63

Note: this is a multiple response frequency report. Respondents could answer more than one category. The percentage of responses shows the percentage of responses on the total number of responses, while the percentage of cases shows that the responses in the percentage of the number of cases.

Table S18 shows the policies offered to employees by firms in the sample when the company's welfare is provided. We can consider the fact that there is a large number of answers pointing to work-life balance policies (Leisure benefits sport, culture, and Teleworking or telecommuting), then in VET (On-the-job or continuous training) and to pension (Premiums paid to voluntary (not compulsory) occupational pension schemes).

The benefits are thus relatively diversified into 3 different areas, but the family policy prevails.

Table S18 - Policies provided to more than 50 % of employees

Table S18 - Policies provided to more than 50 % of employees				
		Responses		Percent of Cases
		N	Percent	
	Premiums paid to voluntary (not compulsory) occupational pension schemes	15	14,29%	30,61%
	Premiums paid to voluntary (not compulsory) unemployment allowances schemes	9	8,57%	18,37%
	Participation/funding of dual system of education or apprenticeship programmes (at-school- education combined with train	0	0,00%	0,00%
	On-the job or continuous training	12	11,43%	24,49%
	Extra statutory maternity/paternity leave	3	2,86%	6,12%
	Job creation scheme	1	0,95%	2,04%

	Sheltered employment/Employment scheme for people with disability	1	0,95%	2,04%
	Requalification scheme or life-long learning	0	0,00%	0,00%
	Employer subsidized child- care (on-site or off-site)	0	0,00%	0,00%
	Flexible work arrangements (e.g., job sharing, flexitime)	7	6,67%	14,29%
	Teleworking or telecommuting	17	16,19%	34,69%
	Part-time work	6	5,71%	12,24%
	Additional paid days off/extra paid vacation days	7	6,67%	14,29%
	Study leave	1	0,95%	2,04%
	Leisure benefits (sport, culture)	26	24,76%	53,06%
Total		105	100,00%	49

Note: this is a multiple response frequency report. Respondents could answer more than one category. The percentage of responses shows the percentage of responses on the total number of responses, while the percentage of cases shows that the responses in percentage on the number of cases.

These results seem to suggest that the company's welfare is not a structural issue for Slovak companies. Moreover, it is possible that when it is implemented, it is mainly based on the initiative of the management, as shown in table S19.

Table S19 - Process of company welfare decision making

	Responses		Percent of Cases
	N	Percent	
Exclusively based on collective bargaining	0	0,0%	0,0%
Exclusively based on the company decision	654	69,8%	1054,8%
Rather based on collective bargaining	11	1,2%	17,7%
Rather based on the company decision	231	24,7%	372,6%
I do not know	41	4,4%	66,1%
Total	937	100,0%	62

Note: this is a multiple response frequency report. Respondents could answer more than one category. The percentage of responses shows the percentage of responses on the total number of responses, while the percentage of cases shows the responses in the percentage of the number of cases.

The adaptation of multinationals to the institutional and traditional system of cooperation with unions in internal policies has emerged also in the survey. The Multinationals that answered (around 30) highlighted that the headquarters does not influence the company welfare decision-making (see table S20) of all the policy categories we considered (see table S21).

Table S20 Influence of Headquarters on company welfare (only if the Company is a Multinational)

	Responses		Per cent of Cases
	N	Per cent	
Small extent	61	54,5%	217,9%
Great extent	20	17,9%	71,4%
I don't know	31	27,7%	110,7%
Total	112	100,0%	28

Note: this is a multiple response frequency report. Respondents could answer more than one category. The percentage of responses shows the percentage of responses on the total number of responses, while the percentage of cases shows that the responses in percentage on the number of cases.

Table S21 -In which policy is the influence of Headquarters on company welfare less relevant (only if the Company is a Multinational)

	Responses		Percent of Cases
	N	Percent	
Pension Policy	19	31,15%	100,00%
VET	11	18,03%	57,89%
Family policy	15	24,59%	78,95%
Active Labour market policy	16	26,23%	84,21%
Total	61	100,00%	19

Note: this is a multiple response frequency report. Respondents could answer more than one category. The percentage of responses shows the percentage of responses on the total number of responses, while the percentage of cases shows the responses in the percentage of the number of cases.

The survey also considered the possible influence of EU policies on the company's welfare. The majority of responses were related to the legislation, but a certain number of companies also indicated EU funds. This suggests that companies consider the EU not only for the limits and constraints EU directives impose but also for the possibility of being supported financially. This result has been probably affected by the Slovak "Recovery and Resilience Plan" established to help Slovakia in recovering from the Covid crisis and some structural reforms.

Table S22 - Impact of EU policies on Company welfare

	Responses		Percent of Cases
	N	Percent	
No role	18	28,6%	33,3%
Influence through legislation	36	57,1%	66,7%
Influence through the European social dialogue	5	7,9%	9,3%
Influence through EU funds (e.g., European Social Fund)	4	6,3%	7,4%
Total	63	100,0%	54

Note: this is a multiple response frequency report. Respondents could answer more than one category. The percentage of responses shows the percentage of responses on the total number of responses, while the percentage of cases shows the responses in the percentage of the number of cases.

Engagement: the role of company/sector-level (occupational welfare); social partners' and Governments alliances

Involvement: social pacts, collective bargaining, other forms

At the same time as the trade unions are weakening, their traditional social partner at the macro level - the nation-state - is also weakening. (Čambáliková, M., 2009) The consequences of globalization (especially the activities of transnational economic corporations) on the one hand and the consequences of integration into transnational political and economic structures (including the relevant coordination and regulation) on the other hand cause the national state's competencies to objectively weaken, or the state consciously delegates them to other entities – supranational or regional. To a certain extent, European states are also consciously getting rid of, or are getting rid of, the means (e.g., as a result of a weakened ability to collect taxes from multinational corporations) with which they tried to guarantee the development of the social dimension of citizenship in the past decades, i.e., to create themselves as a welfare state. Reform governments, in particular, are not only giving up some of the means and tools with which the welfare state tried to mitigate large social differences and prevent the social exclusion of socially disadvantaged individuals and groups, but they are also largely renouncing the ethos in the name of which it acted. (Čambáliková, M. 2008) Even more, "questioning the ethos of social and intergenerational solidarity has become an important modus operandi in promoting reforms" (Škobla, D. - Lesay, I., 2007, p. 98)

Not only about social policy and social reform, but also about the idea and ideal of social justice, the majority of political, economic, and intellectual elites today speak in terms of merit and efficiency. "From the political economy, two discursive orders expanded into political debates about social security: marketization and fiscalization, which challenged the hitherto dominant order of Keynesian social security. The result is a change in the concept of social policy, the goal of social security and the associated rights and obligations of clients, citizens, corporations and communities." (Kusá, Z., 2008).

The increasingly promoted workfare model and activation paradigm in social policy also bring "a new understanding of the foundations of the welfare state, citizenship and social solidarity" (Gerbery, D., 2007). The original social contract determining the nature of citizenship is changing, "merit" is increasingly becoming a condition entitling citizens to (social) rights. The ideals and principles of social equality and solidarity seem to be losing their appeal and power.

Agreements by which current governments incorporate their nation-states into transnational political and economic structures and which are also binding on future democratically elected national governments are also binding. For example, under the pressure of the obligation to observe financial stability, these governments can only with increasing difficulty comply with material and financial obligations, which in the past were related to the guarantee of extensive civil social rights and the implementation of a generous social policy of the (national) state.

Globalization creates multinational corporations, making capital more mobile and flexible. The internationalization of production and financial markets allows companies and entrepreneurs to carry out their economic activities all over the world and exactly where they consider it most advantageous in terms of the costs associated with the social policy area of the company and the policy of the nation-state, that is, in the light of the costs of wages, contributions to social insurance, levies, and taxes.

Within multinational companies, the production process is usually divided, sophisticated production is mainly carried out in Western countries, and simple routine work is allocated to third-world countries. Inexpensive and at the same time qualified workforce, at least in terms of formal education, initially appears to be their competitive advantage. In these countries, social partners, especially trade unions, are required to exercise restraint in negotiations at the company and national levels. This usually leads to the entrenchment of relatively lower wages for less skilled work for several categories of employees, especially among those who traditionally formed the core of union organizations. They are precisely these employees who are at the same time most threatened and affected by unemployment as a result of the necessary restructuring and modernization, as well as a result of the collapse of the full employment system in post-socialist states. As a result of restructuring and unemployment, the membership base of domestic unions is weakened, and thus their bargaining position.

However, all states face the problem of unemployment. Even the most developed countries have to face a certain outflow of investments and jobs due to globalization, but they are still attractive to migrants and migrant workers from economically less developed countries, which also constantly updates the problems of the (not only) labour market.

Thus, globalization generates the common interest of multinational capital, but as a rule, it does not bring about any international integration of employees. What's more, by creating global competition in the field of employment and investment, it pits the employees of individual countries against each other. Thus, increasingly connected and mobile international capital grows stronger, and at the same time, the international competition for employees in obtaining work and the competition of national governments to attract foreign capital is growing. However, from the point of view of the development of transnational structures, actors, and competencies of social partnership, it is important that "the growing size and power of multinational corporations is not balanced by the current growth of the transnational organization and the influence of international employee organizations" (Etzioni-Halevy, E., 1999, p. 240). As a result of the liberalization of the movement of capital and the abolition of borders for goods and money capital, the real possibilities and competencies of national governments in the field of control, regulation, and especially the acquisition of tax resources are weakened. This de facto means the limitation of national governments also as social partners. To the extent that the possibilities of capital are not limited, its possibilities by state borders grow, the possibilities of organizing a less mobile party of employees decrease, as well as the possibilities of national governments to set the conditions of cooperation for (especially

transnational) capital. This changes the political conditions for collective bargaining and social partnership within the state, even when capital migration does not currently occur; national governments and national trade unions react in their calculations to the possibility of capital migration with preventive concessions. For national politics, this means that "it is no longer able to establish and, especially enforce rules that impose obligations on the part of capital towards the general benefit" (Wolf, M., 2000, p. 55).

The liberal program of "displacing the state" often continues with the tendency to push unions out of the workplace - in the best case, by applying new forms of management and control, which are aimed at increasing individual communication and the relationship with individual workers (that is, emphasizing individual contracts with the employee and individual obligations to it weaken the position of collective agreements and the employer's obligations enshrined in them) to the rejection of the action (joint decision-making and control) of trade unions at the workplace.

The survey showed a similar sample composition (even if not statistically representative). Table S23 shows that companies in the survey are in majority involved in collective bargaining, especially in the industry and consumption sectors, the main sectors of the Slovak economy.

Table S23 - Involvement in collective bargaining by Sectors

	Industry (excluding construction)	Consumption services (including construction)	EU2020 "smart growth" services	Welfare state services and public administration	Total
No	70,0%	90,5%	100,0%	100,0%	86,0%
Yes	30,0%	9,5%	0,0%	0,0%	14,0%
Total	20	21	14	2	57

In the survey, the majority of companies that participated are involved in the company and sectoral levels of collective bargaining (see table S24).

Table S24 - Level of collective bargaining

	Responses		Percent of Cases
	N	Percent	
Company	8	61,5%	100,0%
National	2	15,4%	25,0%
Industrial/Sectoral	3	23,1%	37,5%

Regional/Territorial	0	0,0%	0,0%
I do not know	0	0,0%	0,0%
Total	13	100,0%	8

Note: this is a multiple response frequency report. Respondents could answer more than one category. The percentage of responses shows the percentage of responses on the total number of responses, while the percentage of cases shows the responses in the percentage of the number of cases.

At first glance, Slovak trade unions have substantial sources of interest group influence. At the beginning of the post-socialist transformation, they represented a unified trade union headquarters with a built-up organizational structure and a large membership base, the institutional and legislative framework enabled and enables them to participate in decision-making processes at all levels, property and financial income enabled and enable them financial independence and autonomy. So why was and is their influence on social events, as well as on events in companies, relatively weak? It seems that, paradoxically, their real weakness resulted from their (formal) strength. "The weakness of trade unions in Slovakia results mainly from the way they were transformed, in which priority was given to preserving legal continuity, property and a privileged position vis-à-vis the government." (Malová, D. - Rybář, M., 2006, p. 286) Not only the legacy they took over from the former Revolutionary Trade Union Movement, but also several "gifts" that the trade unions received from the post-socialist reform governments turned out to be Danish gifts over time. A monopoly approach to participation in decision-making meant, in the eyes of the public (including rank-and-file trade union members), a monopoly responsibility also for the negative consequences of necessary reforms in the labour market, social and economic sphere, and in the sphere of (un)employment, especially in the first years of the transformation. Slovak trade unions have perhaps concentrated too much on "big politics"; on the non-crystallized political scene, they were not always legible to the public and they did not always effectively connect with different political parties to defend the interests of employees. The leadership of KOZ SR was engaged in the "struggle for democracy" or "style of governance in the state", but in the eyes of its members, it often failed to defend employees, negotiate wages, and neglected the corporate level. However, this was a priority for the employees and this was what the employees expected from the unions. The failure to meet these expectations has led to a deepening of the alienation between union management and membership, as well as an erosion of confidence in unions as an institution that effectively and disinterestedly defends the interests of employees. Even the efforts of KOZ SR to institutionally or legislatively increase the influence of trade unions were then often understood (and also, for example, interpreted by the media) as something beneficial for KOZ officials, but irrelevant for employees. The union leadership did not succeed and is not succeeding in mobilizing its members sufficiently. Union organization has dropped significantly. The ratio of trade unionists to the number of all employees has already fallen below 25%.

However, Slovakia still provides a platform compatible with Europe with its formal legislative framework for the participation of social partners at all levels and in all spheres. The shape of the rules of the European Union also has a positive (at least formal-institutional) influence on

the functioning of the social partnership. These rules encourage the strengthening of democratic institutions and encourage an approach that favours consensus building and enables participation.

The position of traditional social partnership actors can also be strengthened in connection with the decentralization and regionalization of politics - as a possible balancing trend of globalization and integration.

Engagement: the role of company/sector level policies (occupational welfare); lobbying

The survey showed some details (even if the number of cases is relatively small) on the relationship between companies and employers' associations. Table S25 shows that respondents do not consider their company as being involved in policy discussions by employers' associations.

Table S25 - Members Employers' associations. How much they are involved in the discussion on Policy

	Responses		Percent of Cases
	N	Percent	
Small extent	48	80,0%	320,0%
Great extent	8	13,3%	53,3%
I don't know	4	6,7%	26,7%
Total	60	100,0%	15

Note: this is a multiple response frequency report. Respondents could answer more than one category. The percentage of responses shows the percentage of responses on the total number of responses, while the percentage of cases shows the responses in the percentage of the number of cases.

This low involvement is consistent with the declared level of satisfaction with the employers' associations' policy action. Table S26 shows a relatively good proportion of respondents and we can see that for the majority of them the policy action of associations does not make any difference (they are neither satisfied nor dissatisfied), or they are not satisfied at all. And table S27 shows almost a general dissatisfaction for not being effective in all the policies we considered, with a small prevalence of the ability to cut taxes and companies' costs.

Table S26 - Level of satisfaction on the Policy action of Employers' associations

	Responses		Percent of Cases
	N	Percent	
Not satisfied	259	49,15%	392,42%
Satisfied	23	4,36%	34,85%
Neither satisfied nor dissatisfied	245	46,49%	371,21%
Total	527	100,00%	66

Note: this is a multiple response frequency report. Respondents could answer more than one category. The percentage of responses shows the percentage of responses on the total number of responses, while the percentage of cases shows the responses in the percentage of the number of cases.

Table S27 - In which policy action companies are less satisfied with Employers' association achievements

		Responses		Percent of Cases
		N	Percent	
	To reduce the tax wedge on salaries	45	17,37%	95,74%
	To reduce the taxation	45	17,37%	95,74%
	To influence the level of flexibility of the labour market	30	11,58%	63,83%
	To make less expensive the public pension system	31	11,97%	65,96%
	To make less expensive the public unemployment benefits system	25	9,65%	53,19%
	To invest more in vocational training	32	12,36%	68,09%
	To foster work-life balance policies/policies supporting working parents (wording to be adjusted to the national context)	25	9,65%	53,19%
	Active labour market policies (e.g., subsidised employment)	26	10,04%	55,32%
Total		259	100,00%	47

Note: this is a multiple response frequency report. Respondents could answer more than one category. The percentage of responses shows the percentage of responses on the total number of responses, while the percent of cases shows that the responses in percentage on the number of cases.

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