

# ARITAKE-WILD

Joint Project of the European Social Partner Organisations

## JOINT STUDY ON RESTRUCTURING IN THE NEW MEMBER STATES

Report of the Slovakian National Seminar

2nd February 2006

Prepared by **ARITAKE-WILD**



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Joint Project of the European Social Partner Organisations:

## JOINT STUDY ON RESTRUCTURING IN THE NEW MEMBER STATES

Slovakia  
2<sup>nd</sup> February 2006

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### *Introduction & methodology*

The seventh in a series of ten national seminars<sup>1</sup> designed to review and support processes of change management and restructuring in the new EU member states was held in Slovakia on 2<sup>nd</sup> February 2006.

The overall objective of the project is to prepare a synthesis of the country dossiers and case studies undertaken in each of the ten new member States to identify common economic and social challenges associated with restructuring. This synthesis will be finalised at a seminar involving social partners from the 25 European Member States to be held on 26<sup>th</sup> and 27<sup>th</sup> June 2006. The final document will be discussed in a subsequent European Social Dialogue Committee.

The objective of the Slovakian national seminar was to discuss the Slovakian country dossier and case study in order to improve the quality of the draft documents prepared prior to the meeting and to identify critical national issues and future challenges associated with the process of restructuring. Additionally, the seminar provided an opportunity to review relevant recent work on the subject of restructuring undertaken at the European level, to discuss the role of the social partners in restructuring and to examine how the European Union can support the national change process.

The seminar was attended by representatives from Slovakian employers' organisations and trade unions. Also in attendance were representatives from the European social partners; UNICE, UEAPME, CEEP and ETUC; and experts. The full attendance list is attached as appendix one. The detailed agenda for the meeting is included as appendix two.

This report provides a structured overview of the discussions held on the country dossier and the case study during the day.

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<sup>1</sup> All the 10 countries that acceded to the EU in 2004 are covered by the project; Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovenia and Slovakia.

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## *Report of the meeting*

1. Maria Helena André (ETUC) opened the meeting by explaining the purpose of the project as a whole and the role of the Latvian national seminar within it. Her presentation materials are attached as appendix three.
  
2. The appointed expert for the Slovakian national dossier, Michal Kurtyka, presented an outline of the country dossier circulated prior to the meeting. His presentation materials are included as appendix four. Following the presentation, the participants were asked to provide feedback on the contents of the dossier in regard to its factual content, the questions it raised and relevant points which may not have been included.
  
3. The participants raised the following issues in open discussion. Three main topic areas dominated the discussion and this has been reflected in the presentation below:

Automotive industry focus
<ul style="list-style-type: none"> <li>➤ The most important drivers of the Slovakian economy are KIA and Peugeot;</li> <li>➤ So much dependence on the automotive industry is dangerous;</li> <li>➤ The wave of motor industry investment could continue to move East;</li> <li>➤ Multinational companies in general may choose to leave Slovakia once the tax holidays are over.</li> </ul>
The “education to work transition”/vocational training and youth unemployment
<ul style="list-style-type: none"> <li>➤ More support is needed for education and training;</li> <li>➤ Links between the education sector and the business community are inadequate;</li> <li>➤ The MINERVA programme has the objective of turning Slovakia into a knowledge based economy but there is too little investment in universities and there are poor business/education links.</li> </ul>
The informal economy and undeclared work
<ul style="list-style-type: none"> <li>➤ A current trend is to “force” people into self employment in order to avoid costs and bureaucracy – this drives the informal economy;</li> <li>➤ Starting a business involves too much red tape. People simply work on their own account;</li> <li>➤ The volume of rules and regulations around employment drive the grey economy;</li> <li>➤ The current social protection system encourages undeclared work.</li> </ul>
Comments on other topics
<ul style="list-style-type: none"> <li>➤ Slovakia lacks an entrepreneurial tradition. This needs to be encouraged;</li> <li>➤ If unemployment from post privatisation restructuring is to be reduced, the slack needs to be taken up by small companies. More has to be done to encourage them;</li> <li>➤ Not enough attention is being paid to active labour market policies;</li> <li>➤ There is a large potential in Slovakia for tourism;</li> <li>➤ Regional differences in Slovakia are enormous. Unemployment in the worst areas can be 15 times that in the most developed areas;</li> </ul>

- The social partners need to spend more time fighting unemployment together rather than fighting each other;

4. Following the discussion the EU social partners commented and posed the following questions on the issues raised:
  - If entrepreneurialism is to be fostered, Slovakia needs to consider what its competitive advantage is;
  - Regional differences in economic development are very large in a relatively small country. What can be done to encourage mobility?
  - The automotive industry is a major success story for Slovakia. What is being done to ensure that it stays in the country and that its success is replicated in other lines of business;
5. The participants discussed the current and potential competitive advantages of the Slovakian economy. Skilled labour, good infrastructure, wood, the building industry, the new industry parks were all mentioned.
6. Mr Burgola of the employers' organisation RUZ gave a presentation of proposals for reform of social protection system. His paper "Contribution Bonus and Redistribution Contribution" aims to reduce the complications of the current social protection system and reduce the incentive to engage in undeclared work.
7. Michal Kurtyka presented the section of the national dossier dealing with the restructuring challenges facing the Slovakian economy. His presentation materials are included as appendix four. Participants were again asked to provide feedback on the contents of the dossier in regard to its factual accuracy, the questions it raised and relevant points which may not have been included.

The participants raised the following issues in open discussion:

- Restructuring in Slovakia has been influenced by the laws on bankruptcy. The country needs to identify better practices for future restructuring programmes;
- The sale of Slovak Telecom to Deutsche Telekom is an opportunity to undertake more socially sensitive restructuring as they reduce from 4,000 to 2,700 workers;

8. The EU level social partner participants made brief presentations on relevant EU social dialogue work. They referred to the texts on "Orientations for

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reference in managing change and its social consequences" (October 2003), "Lessons learned on European Works Councils" (April 2005) and the "Framework of actions on the lifelong development of competencies and qualifications" (April 2002). Their presentation materials are included as appendix five.

9. At the end of the meeting, thanks were offered to all those involved in the preparation and conduct of the seminar.

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## List of appendices

Appendix one	List of participants
Appendix two	Seminar agenda
Appendix three	Presentation materials – “Introduction to the project”
Appendix four	Presentation materials – “Restructuring in New Member States: Slovakia
Appendix four	Presentation materials – “Restructuring in New Member States: Slovakian case study”
Appendix five	Presentation materials – “Relevant EU Social Dialogue Work” “Orientations for reference in managing change and its social consequences” (October 2003); “Lessons learned on European Works Councils” (April 2005); and “Framework of actions on the lifelong development of competencies and qualifications” (April 2002).

**The present report represents an expert view and does not necessarily reflect the view of the European Social Partners**