



Reducing Precarious Work

Protective Gaps and the Role of Social Dialogue in Slovenia

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Overview

In the past 25 years, changes in the Slovenian labour market have been promoted by different policy measures and economic and social processes. These include: economic restructuring and privatization, the pressures of internationalisation and adaptation to EU standards and European employment policy, and bankruptcies and mass redundancies in times of crises. The labour market has responded to such changes with both enhanced flexibilization –characterised by an increasing share of workers with flexible contracts, such as fixed-term or part-time, student work, ‘civil work’ contracts and self-employment- and the intensification of work for those that retained their employment. As a consequence, Slovenia has witnessed an increased segmentation of work with greater differences in employment rights and social security protections among the employed with different types of contracts.

This research briefing highlights the significant challenges in identifying, addressing and reducing the prevalence of precarious work in Slovenia. Precarious work is found among both standard and non-standard forms of employment as a result of four inter-related ‘protective gaps’: *employment rights*; *social protection and integration*; *representation*; and *enforcement*. This briefing also summarises the results of three case studies that investigated the capacities of workers, unions and employers to reduce precarious work through social dialogue.

Flexibilisation of the Slovenian labour market

Despite the problems in its increasingly segmented labour market, until 2008 Slovenia was considered as one of the most successful transition countries, with fast declining unemployment, very low poverty rates, low inequality, and rising GDP. This has changed with the economic and financial crisis. Since 2008, labour market trends have worsened for an increasing proportion of Slovenia’s workforce with multidimensional consequences, including: a deterioration of living and working standards, increased psychosocial risks, heightened sense of precariousness among the Slovenian labour force and increased at-risk-of poverty rates in Slovenian society.

The increase in poverty rates, especially after 2008, was evident in all segments of society – especially among the unemployed and the flexibly employed (figure 1), indicating very large inequalities in society and a strong inter-relationship between an individual's living standards and his or her activity status in the labour market. In-work poverty rates are highly dependent on the type of employment contract and form of employment/work performed in the labour market. Generally, the higher at-risk of poverty rates are also highly correlated with low wages and/or employment in a low-wage sector. Furthermore, low wages in sectors are the consequence of many factors other than productivity, among which is the presence of a combination of more flexible forms of employment in one employment contract.

The above-mentioned trends which influenced the flexibilization process in Slovenian labour market have also generated problems regarding further segmentation of the labour market, based mainly on the age of those employed in flexible forms of employment. Young persons (aged between 15 and 24) have limited choice except to accept flexible forms of employment offered by employers. This lack of alternatives encourages employers to ‘hoard’ young people in certain flexible forms of

employment, in particular in fixed-term and part-time employment. In both forms, the proportion of youth among all economically active young people is among the highest in the EU. Furthermore, this causes additional problems for youth, including low financial independence, which restricts their ability to rent or buy their own accommodation and furthermore delays marriage and having children.

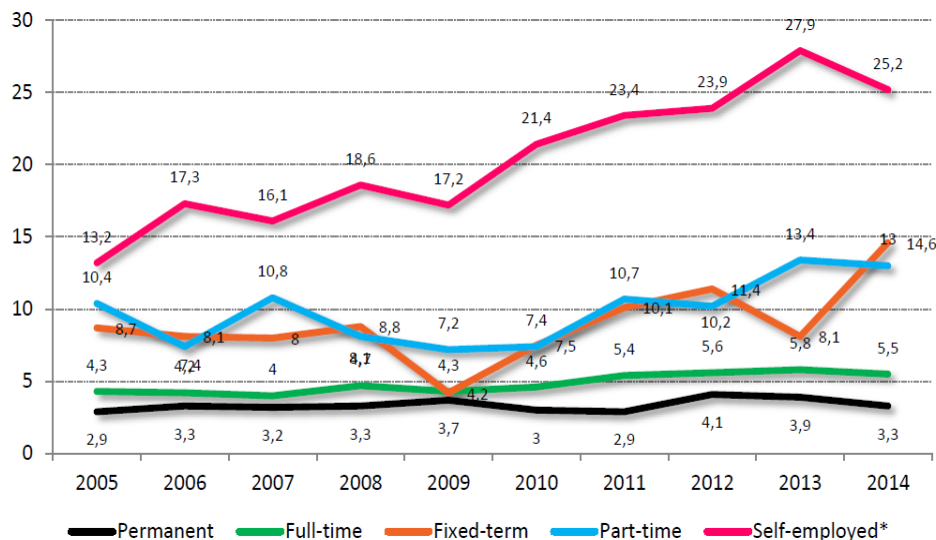


Figure 1. Risk of poverty by employment contract, 2005-2014

Source: Eurostat (SILC) 2015, *SORS.

Identifying 'Protective Gaps' in Slovenia

The 2013 Employment Relationship Act (ERA-1) aimed, according to the authors, to establish the appropriate balance between adequate protection of workers and the ability to adapt to market conditions. The starting point for preparing the new Act was the need for greater equality of status between employees with open-ended contracts and those employed with fixed-term contracts or other forms of flexible employment in order to reduce segmentation in the labour market and high labour costs. However, implementation of the Act met with criticisms that the reforms were reducing certain rights of those employed with a permanent employment contract and increasing somewhat the rights of those employed in flexible contracts. In practice, the reform thus appeared to be reducing the overall standards and rights of the Slovenian labour force.

i) Employment rights and social protection gaps

The permanent employment contract is the typical or 'standard' form of employment relationship in Slovenia. The Employment Relationship Act defines it as a starting point for regulating all other employment contracts. The contract is signed for an indefinite period, unless the law otherwise specifies. Compared to other types of employment contracts (e.g. employment contract for a fixed-term, part-time, or temporary agency contract), the worker with a permanent employment contract is guaranteed the full range of workers' rights and social protection rights. Thus, at least on paper, such a contract provides a significant level of security in terms of the duration of the employment relationship and in terms of workers' rights and social security.

Due to the relatively large corpus of rights that are in principle ensured by the employer directly (through the provision of workers' rights) or indirectly (through payment of social security contributions and taxes) this standard employment contract is inevitably relatively expensive for the

employer when compared with other forms of employment. On the other hand, it should encourage employees to be loyal and motivated towards their work and organisation. In comparison with the standard contract, fixed-term, part-time and agency contracts confer the same qualitative rights adjusted in proportion to the duration of work fixed in the contract.

Regardless of their relatively well secured position in the Slovenian labour market, permanent employees nevertheless encounter several issues related to decreasing standards and differences between legal provisions and the situation in practice. Key employment rights and social protection gaps for workers in standard or non-standard forms of employment are as follows:

Eligibility gaps: access to unemployment benefits is restrictive even following the positive and inclusive changes made with the 2010 introduction of the Labour Market Regulation Act. There are still groups of employees who are not eligible for unemployment insurance, namely fixed-term employees with less than 9 months of employment in the previous 24 months and first-job seekers (younger than 30 years of age and registered less than 6 months with the Employment Service of Slovenia).

Minimum standards gaps: with respect to the level of the national statutory minimum wage, Slovenia witnessed a high increase in 2010 (22 percent) and yet it is still estimated to be only at the minimum cost of living threshold.

Integration gaps: the Slovenian labour market is characterised by a strong segmentation by age of worker, with prime age workers more likely to be in standard and secure employment and young workers in flexible forms of employment.

Upgrading gaps: while austerity measures introduced by the Fiscal Balance Act (adopted in 2012) were intended to consolidate the public finances, they have had an adverse influence on the Slovenian economy and labour market as well as on Slovenian society. Furthermore, budget cuts and the financial crisis in Slovenia have negatively affected the implementation of programmes within the five different segments of Active Employment Policy. With spending on active labour market policy already well below the EU average, Slovenia's programmes are today even more dependent on EU funding.

Beside the effects on the unemployment benefit transfers and active labour market policy measures, the Fiscal Balance Act also adversely impacted the Slovenian public sector via: temporary hiring restrictions, promotion of those already employed in public sector, and pay freezes. Certain measures –namely, restrictions in concluding civil law contracts, copyright or work contracts, and student work- paradoxically may actually reduce segmentation in the Slovenian labour market as a collateral effect. Overall, however, these austerity measures are likely to produce a feminization of precariousness in the Slovenian public sector due to their over-representation.

ii) Representation gaps

Representation gaps are significant in the Slovenian labour market. Firstly, we find a set of *institutional gaps*. These arise out of the transition from obligatory to voluntary membership that led to both employers' and trade unions' representative bodies losing a great deal of their previous quantitative strength.

Secondly, the full report identifies *involvement gaps*. Despite their declining membership, Slovenian trade unions still have a relatively strong position in various tripartite negotiations. Coverage of

collective agreements is still almost 100 percent in those sectors with collective agreements. On the other hand, coverage is higher among workers with a standard employment relationship –namely, permanent, full-time employment. While formally, trade unions represent workers in more flexible forms of employment, in practice the interests of these two major groups sometimes collide. In such occasions trade unions are usually on the side of the former group. Furthermore, workers in flexible forms of employment appear to be less proactive in trying to become members of trade unions and at the same time face restrictions by their employers. Thus, in practice, workers in flexible forms of employment are less represented by trade unions and it is usual for them not to be represented in the major trade union confederations.

iii) Enforcement gaps

Enforcement gaps take three forms. The first concerns *mechanism gaps*. According to the experts interviewed for this project, Slovenia has a relatively modern labour market legislation that provides high protection to the Slovenian workforce. However, there was a consensus among the experts we talked to that there is a significant gap between the de jure provisions and the de facto practice. As one of the most important institutions in preventing violations of the labour legislation, the Labour Inspectorate has become more active in recent years and documents the rising number of violations detected (figure 2).

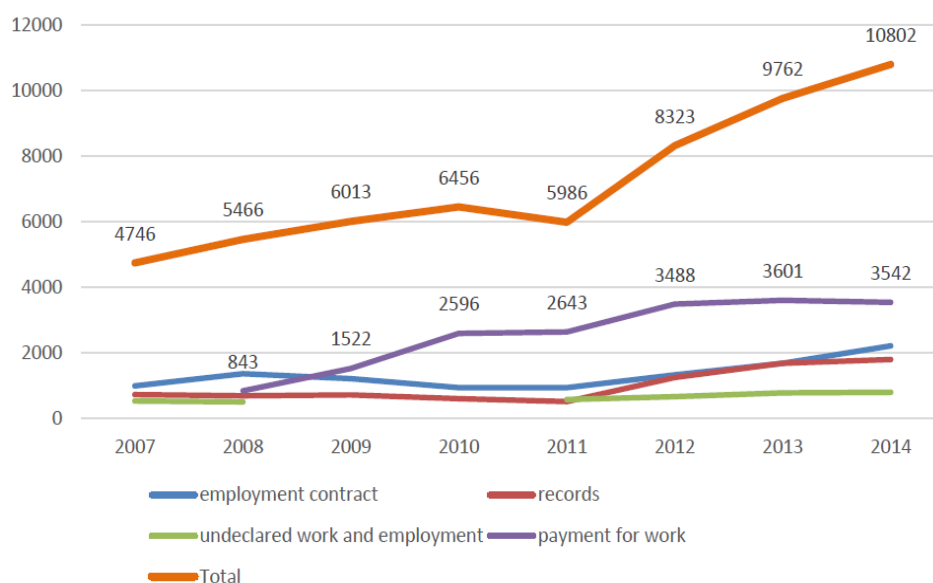


Figure 2. Trends in the most frequently identified violations in labour relations

Source: Inšpektorat RS za delo 2015.

The second type of enforcement gap concerns *awareness gaps*. Frequent amendments to the legislation make it difficult for employers, HR managers and especially employees/workers to stay informed about their obligations and rights. Thirdly, *coverage gaps* arise due to knowledge gaps about the number of unregistered workplaces, the scale of informal and illegal employment, and (at least officially) the extent of civil contracts.

Three Case Studies of Precarious Work

The Slovenian research team selected three case studies with the aim of showing how varied processes of social dialogue, broadly defined, might reduce precarious work. The three cases reflect different types of dialogue and counter-responses with journalists adopting a more individualistic approach, retail workers the more traditional sector level form of dialogue, and youth are divided between an individualistic majority and a minority that is attempting to establish a more inclusive, proactive role by addressing precarity issues at the national level.

i) Youth: how to resist a precarious future?

Young people bring new skills from the educational process and numerous social and technical competencies. Yet despite these benefits, the combination of economic conditions and employer strategies have transformed youth opportunities predominantly into flexible forms of employment and work, thereby impeding young people's ability to enjoy a secure transition from education to work. Their great flexibility regarding employment (fixed-term and part-time, various forms of student work, and temporary or occasional work) affects the frequency of job-to-job transitions and the risk of unemployment. These, in turn, affect their full economic and social independence. Interviews with experts informed us that Slovenian youth feel insecure and do not envisage a bright future in Slovenian society. One observed response is the prolonging of higher education in the wait for better labour market opportunities. Another is to take up a regulated form of paid student work (specially reserved only for students and pupils). Thus they are forced to postpone future planning and structuring of the private and professional life.

For those involved in student work, there is another disappointment – which is that they sometimes earn more as a waitress or waiter than in their future professions. Some are considering leaving Slovenia to find better jobs. Those lucky enough to have paid employment already in Slovenia report various forms of exploitation including low wages, extensive hours, and bad working conditions, leading to health problems and burnout. The majority of youth have no suitable response to such circumstances. They are resigned, pragmatic and usually rely on short-term survival strategies; they accept any available job offer without resistance either individually or collectively.

However, there is a small group of proactive young people who are trying to address issues of precarious employment through collective action at the national level. Three associations have recently appeared: the Movement for Decent Work and Welfare Society, the Trade Union Mladi plus (Youth Plus) and the Trade Union of Precarious Workers.

ii) Journalists and other media workers at RTV Slovenia

The media sector in Slovenia is not exempted from the overall processes of precarization. Several factors are relevant: privatization and commercialization of the media from since the early 2000s, continuing pressures on labour costs, and technological changes and related change in work organisation, as well as worsened economic conditions associated with the recent crisis.

The case of Slovenian journalists is the most visible, but there are many other occupations (editors, cameramen, directors, etc.) who have been affected as well. The main issue concerns changes in the

employment contracts and associated changes in social security protection. Changes in the ownership structure of Slovenian media have brought heightened pressures on managers to increase production and lower labour costs. Since employment rights for workers with standard contracts are collectively and individually better regulated than for those in 'civil work' contracts, there has been a constant pressure on managers to reduce the use of standard employment contracts and increase the use of freelancers employed under civil work contracts (so-called 'copyright contracts'). These changes have widened gaps in social protection, enforcement and representation.

A key change is the de-professionalization of work in the media sector, as well as increased individualisation among journalists accentuated by the inability to make a collective lawsuit against their employers. Trade unions can offer legal support but individuals have to endure lengthy (usually several years), stressful and costly trials on their own.

Journalists in RTV Slovenia, which is a public service of special cultural and national importance, are treated as state employees. Nevertheless, RTV Slovenia has increased the risk of precarious employment among journalists, cameramen, editors, and directors through greater use of civil work contracts. Many have worked with such contracts for a decade or more without any promise of transition to a standard employment contract. In September 2007, the Slovenian Union of Journalists introduced a section of contractual (independent and freelancers) journalists with the aim of improving their status.

Very recently, after a long time of avoiding the issue of precarious employment at RTV Slovenia, and partly in response to trade union actions, senior management signed an agreement on the employment of part-time employees with three trade unions at RTV Slovenia and the Slovenian Union of Journalists. The agreement stipulates that RTV Slovenia should give regular employment to more than 250 of its workers that were employed until now with civil work contracts regardless of prior clauses in the employment contract.

iii) Retail workers: examples of new joint initiatives

The retail sector in Slovenia has been characterized by fast growth of private companies following privatization of former socialist-run companies, as well as entry of foreign commercial chains since 1991. The rate of collective bargaining coverage is 100 percent and the social partners (two unions and three employer organizations) all evaluated sectoral social dialogue as quite successful. However, representatives of the main retail union were critical of the low wages within the sector, gender inequality and the huge differences in working conditions between different employers, where laws and collective agreements are not implemented.

There is a high level of precarious employment, characterised by long working hours and high work intensity embedded in the organizational culture of retail stores. The major forms of flexible employment practices are part-time work, fixed-term contracts (students, agency workers and foreign workers), false self-employment, shift and Sunday work.

Part-time work (as a very time-intensive form of work) was introduced by foreign-owned retail employers in order to accommodate their need for a more flexible organisation of work. For workers employed for 25-30 hours per week, many of whom have unpredictable schedules and work overtime, part-time work causes negative short- and long-term consequences. Moreover, part-time

employment incurs a social protection gap, especially for pensions. Union representatives told us many part-time workers in fact work longer hours than stipulated in their formal contracts so that there are two or even three realities, one for workers, another for managers and a third for inspectors.

Our empirical evidence demonstrates there are significant enforcement gaps associated with the divergence between the relatively high standards of the Slovenian labour legislation and joint regulation on the one hand and actual practice, or enactment of standards, on the other. Our evidence of increased precarity in the retail sector encompasses both a fall in the quality of work of regularly employed workers (a multiplication of different work tasks, longer working hours, and breaches of rights regarding rests and working hours) and a proliferation of precarious forms of employment (involving part-time work, student work, agency and migrant work).

Reactions of the trade unions to the increased flexibility and decreased standards of working conditions in retail sector can be seen as innovative in the sense that they have decided to replace traditional strategies of representation and instead fight for workers' interests with solutions aimed at directly mitigating the consequences of precarity. These include:

- Joint collaboration with employers and their associations to establish training and information projects that address increasing health and safety problems (e.g. stress at work) oriented towards individuals. Social partners are thus supporting individuals with coping strategies to deal with an erosion of working standards, as once secure jobs with decent wages are being replaced.
- A recent trade union conference on working time in retail provided an opportunity for social partners to discuss the problems regarding working time most of which are connected to breaches of the existing regulations. The conclusions of the conference envisaged education activities and joint work of social partners on the collective regulations. While this form of collaboration is positive, it is questionable whether direct violations of existing legislation should be treated as a problem that is to be solved through education alone.

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For more information please visit the project website: <http://www.research.mbs.ac.uk/ewerc/Our-research/Current-projects/Reducing-Precarious-Work-in-Europe-through-Social>.