

RESEARCH

**REPORTS**

RECOMMENDATIONS

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# COLLECTIVE BARGAINING DEVELOPMENT IN SLOVENIA IN THE CONTEXT OF THE ADEQUATE MINIMUM WAGE DIRECTIVE (ART. 4)

INSTITUTE OF  
PUBLIC AFFAIRS

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## 1. Methodological preface

The report was developed through thorough desk research, primarily utilising reports and data from respected professional websites. In addition, it is based on knowledge acquired through active research and participation in national and international professional events on the topic of minimum wage. As the aim of this report is on a general perspective, three interviews were conducted: with a trade union representative, an employer organisation representative, and a representative from the Ministry of Labour, Family, Social Affairs and Equal Opportunities. One interview was performed in person, while two were conducted via Zoom in August and September 2024, each lasting approximately 45 minutes. Following these interviews, transcripts were prepared and meticulously analysed in alignment with the key objectives outlined in the project guidelines.

## 2. General characteristics of the labour market and industrial relations system

### 2.1. Labour market performance

Based on the latest data from the Statistical Office of Slovenia (2024)<sup>1</sup>, 89% of the workforce is employed, while 8.2% are self-employed. Nearly 16% of the workforce are foreign workers, a proportion which has been increasing practically month by month in recent years. In May 2024 the unemployment rate was historically among the lowest since independence, namely 3.4%. According to a recent report by the Ministry of Labour, Family, Social Affairs, and Equal Opportunities (2024), a certain share of workers who work from home has remained significantly higher than before the epidemic. The share of fixed-term employment has been declining since 2015; while it used to be an incentive for employers to conclude such contracts, now even workers do not want permanent employment. The mismatch between education and the required qualifications is increasing for all groups due to technological changes. For young people who are not in education, this mismatch was already much greater, but in recent times, the mismatch is also high among people born abroad. Older workers need additional support to remain active in the labour market, with the same kind of assistance being needed for

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<sup>1</sup> <https://www.stat.si/StatWeb/News/Index/12986>

people with disabilities, who remain the largest group among the long-term unemployed.

According to the interviewed trade union representative, the younger generation has a different approach to work compared to older generations. They are willing to work up to 12 hours a day for half a year and then take several months of annual leave: *How do we regulate two generations with such different perceptions of work?* is one of their major questions. Another potential shift is moving from hourly wages to pay based on output. Furthermore, there is a question of whether it makes sense to insist solely on employment contracts or to recognise solo entrepreneurs as a legitimate form of work. The trade union representative believes this form of work should be acknowledged and regulated by law. It may no longer be sensible to maintain the employment contract as the only legal form of work, as evidenced by the growing range of platform work, which extends far beyond just delivery drivers: *How do we legalise new forms of work and incorporate them into labour law?* If changes are not made there is the risk of reducing the number of workers, while increasing the number of legal entities, such as one-person self-employed, and this doesn't take into account the challenges regarding digitalisation and AI.

Both data and personal observations indicate a general shortage of workers in the labour market, practically in all sectors and professions. Until now, this issue has been addressed by the migration of workers from the countries of the former Yugoslavia, but this no longer meets the needs of the Slovenian labour market. As a result, there is an increasing number of workers from other countries, which brings new challenges for both employers and workers (Franca, Domadenik Muren in Končan, 2024).

## 2.2. Industrial relations at a glance

**Capacity of social partners: level of unionisation (including a breakdown by main organisations), level of organising of employers, collective bargaining coverage, presence of sectoral bargaining.**

In Slovenia, there is no official data about the level of unionisation and membership of employer organisations. The estimation for the trade union side is higher for the public sector and in sectors that are traditionally stronger with unions, like the metal industry and retail.

The only relevant data is that there are 29 sectoral collective agreements (data for July 2024) concluded in the private sector, 17 of which have extended validity, i.e., they apply to all employers in the sector. However, it is undeniable that the coverage rate in the private sector is significantly lower than in the public sector (17 collective agreements in the public sector, which have the characteristic of extended validity, as they are concluded on the employer's side by the Government of the Republic of Slovenia or the authorised ministry) and that there are no collective agreements in a considerable number of sectors, which means that there is more than an urgent need to develop appropriate measures to promote multi-level collective bargaining.

**The right to strike** is a constitutional right in Slovenia and is regulated in the Strike Act, which dates back to Yugoslavian times. The provisions are outdated and cause many difficulties in practice. The law determines the procedures to organise a strike and sets restrictions in performing activities or work of special social significance, like doctors, policemen, firefighters and similar. A total prohibition of strikes is valid for the army, ruled by the Supreme Court of Slovenia. The right to strike is limited just to employed workers (who have an employment contract) and a strike means an organised work stoppage. In practice, there are many issues with compensation during a strike, as well as what is the minimum process which needs to be performed during a strike. For example, in a recent case of an administrative unit's strike, the ministry, during the strike, expanded the working duties which needed to be performed and consequently, diminished the strike's effectiveness. The strike law is also a problem for employers, as there is uncertainty about when a strike is paid and when it is not; likewise, it is often unclear when a strike is legal and when it is legitimate, explains the employers' representative.

Based on the experience of the trade union representative, past strikes at the company level have been quite successful, unlike general strikes. After the pandemic, the labour market situation changed significantly, particularly with the rise in labour shortages. This has led companies to offer better pay and improved working conditions, reducing the need for strikes. However, the public sector has been an exception, with strikes occurring among doctors and administrative workers. These strikes were not primarily focused on wage demands but rather on improving overall working conditions.

The representative assesses that collectivism is not as prevalent as it once was with workers now more focused on the specific situation within their

own company rather than the general landscape. In the private sector, wages are not the primary issue, as they are typically 20 to 30% higher than stipulated in collective agreements, he explains. Moreover, trade unions no longer possess the same level of influence as they did in the past. He attributes this decline in power partly to the unions themselves, admitting, “*We have not worked closely enough with our members.*”

On a national scale, social dialogue occurs within the **Economic and Social Committee**, a tripartite organisation comprising social partners and the Government of the Republic of Slovenia. This body is established to discuss matters and measures related to economic and social policy, along with other specific issues agreed upon by the partners. Unfortunately, due to its “non-functioning” in practice, it is merely a shadow of what it could be. In reality, the ESC is an underutilised resource, particularly due to its inactivity and the withdrawal of either trade unions or employers. Despite the recent signing of the ESC operating rules and the Declaration of Social Partners in July 2024, progress remains limited. This clearly shows that an institution (form) without substance does not achieve much. Even though we have an institutionally and financially supported body, the ESC could have more added value. The employer representative states that with these new rules, they hope that it will not happen again and that proposals regarding the labour market and society’s important topics will not bypass the ESC. However, bypassing the ESC has happened in practice, and it indicates a chronic lack of understanding of social dialogue, which should be conducted *bona fide* and with the genuine aim of reaching an agreement. Collective bargaining should not be understood as negotiations over “who will gain more” and “who will be cornered,” but as one of the democratic means of achieving social peace. In this context, I believe that this is a weak point of the Slovenian industrial relations system — understanding the added value of social dialogue, its role in regulating working conditions, and overall societal relations. The state should play the role of a facilitator in these weaker areas, not the opposite. At the sectoral or professional level, there are no specific bodies as the ESC.

So far, no systematic measures have been implemented to increase the number and scope of organisations involved in social dialogue. Slovenia faces significant trade union pluralism, with 48 representative trade unions currently active. This fragmentation negatively impacts social dialogue, making it a lengthy and challenging process to reach a consensus. Despite their numbers, it is common for the main trade union confederations to issue

joint positions and take collective action. As the trade union representative noted, in almost all cases, they reached a consensus and presented a united position to the employer and/or the government. A similar trend is observed among employers' organisations, particularly when discussions centre around taxes and other business-related issues. However, on the employers' side, it remains unclear who should be regarded as an employer organisation, as the chambers, remnants of the socialist system, do not meet the conditions set by law, explains the employers' representative.

### 2.3. Collective labour agreements

A collective agreement can be, according to the Collective Agreement Act (2006), concluded just by trade unions on the workers' side and employer or employer organisations on the other side. Works councils do not have the authority to conclude collective agreements. The collective agreements at a sectoral level are usually published in the Official Gazette of the Republic of Slovenia, while at a company level are published just internally. Usually, they are not published on websites. In Slovenia, there are no public statistics on collective agreements.

In the public sector, collective bargaining predominantly happens at national and sectoral levels, with certain professions like police officers being governed by professional collective agreements. Conversely, in the private sector, collective bargaining is not conducted nationally but rather through collective agreements at sectoral and local levels.

The Slovene system is based on the concept that collective agreements are valid just for those workers who have an employment contract. Self-employed, students, pensioners, platform workers and others who work based on civil contracts are excluded from the collective agreement coverage. Until now there has been no discussion about including those groups of workers under collective agreements. Some authors called upon actions to change this (Senčur Peček 2018; Franca 2021; Kresal 2021), but so far, with no success.

### 2.4. Opinions on the state of collective bargaining

All stakeholders agree that collective bargaining and collective agreements are essential for the effective functioning of employment relations. While



collective agreements in the private sector often include more favourable provisions, they tend to focus on traditional topics such as wages and annual leave, without addressing contemporary challenges. Although both employers and trade unions express, in principle, a willingness to discuss these modern issues, there has been little progress in practice. There is an urgent need to modernise the labour market to enhance the quality of employment and ensure a successful and fair twin transition, with a particular focus on low-skilled workers. Unfortunately, the gap between policy statements and actual practice remains wide. Previous research (Franca 2022 et al.) and feedback from stakeholders confirm that there are virtually no innovative approaches to collective bargaining.

### 3. Collective bargaining dynamics in recent years

In the last five years, there have been no major legal changes in the collective bargaining system. Even more, the trade union representative believes that there have not been any changes in the last 20 years as the structure remains the same.

Based on the available data it can be assessed that the number of collective agreements on a sectoral level has been decreasing. For example, the Collective Agreement for the Hospitality and Tourism Sector of Slovenia expired at the end of 2023, but it is in use till the end of 2024, yet social partners have not concluded a new one.

### 4. State of play after the adoption of the directive

#### 4.1. Discussions and legal preparations

The government has not taken any formal action to implement the directive. The minimum wage in Slovenia is regulated by the law and it covers all workers who have an employment contract and work in Slovenia, both in the public and private sector. As presented above, the assumption is that Slovenia reaches 80% coverage and thus no action plan is needed. The representative of the Ministry of Labour states that Slovenian minimum wage regulations comply with the directive. However, two points need to be addressed: 1) a consultative body needs to be established — a formal proposal was sent by the Ministry to the ESC to establish a permanent consultative body to address

the directive's requirements (on September 13<sup>th</sup> 2024 the ESC adopted a decision agreeing to the appointment by the Republic of Slovenia, on the basis of Article 5(6) of Directive (EU) 2022/2041 of the European Parliament and of the Council of 19 October 2022 on minimum wages in the European Union, of the ESC as a consultative body to advise the competent authorities on issues relating to statutory minimum wages), and 2) an action plan to promote collective bargaining will follow once statistical data, currently being collected and processed by the Statistical Office of Slovenia, is available.

The fact is that the topic has been left aside. In the professional public discussion, the topic has been put on the table by the author of this report (Franca 2024) at the National Conference of Labour Law and Social Security Law, but with no major professional reactions. This similarly applies to social partners, where the topic has not been discussed.

#### 4.2. Any trade union' activity dedicated to promoting/ familiarising the audience with the directive

The adoption of the directive has not led trade unions to take any initiatives or policy campaigns on reforming the collective bargaining system to increase collective bargaining coverage. The topic has not yet been discussed; trade unions are awaiting the government's presentation of the analysis from a recent survey aimed at assessing the coverage of collective agreements. However, they are considering two different approaches for the action plan: one for the public sector, which has 100% coverage, and another for the private sector, where the coverage is much lower. According to the trade unions, a major issue with the directive and action plan is the lack of specified sanctions, which calls the entire initiative into question.

### 5. Action plan

So far, no actions have been taken regarding the action plan. The primary reason for this is that according to the available Eurofound data, 78% of workers in Slovenia are covered by collective agreements. Therefore, no significant or concrete activities are planned for the development of the action plan, as it is assumed that Slovenia meets the requirement for coverage with collective agreements. A representative of the Ministry of Labour explains that they have not formally approached the action plan yet, as statistical data is still

being gathered, and the deadline for this obligation, which differs from the directive's implementation, is still distant. Indeed, Slovenia does not have official data on coverage, but in the public sector, due to the extended validity of collective agreements, coverage is 100%, while in the private sector, it is significantly lower. This must be considered when preparing the action plan.

## 6. Summary and conclusions

It would make sense to strengthen the institutions that are already established, such as the Economic and Social Committee. Following this, it is essential to address the necessary amendments to legislation that hinder social dialogue, namely the laws on the representativeness of trade unions and strikes. At the same time, it is crucial to direct efforts towards enhancing the understanding of the importance of collective bargaining. Perhaps a code of collective bargaining, which would unify opinions on the conduct of negotiations, fair procedures, transparency, etiquette, and similar aspects, would be beneficial. Of course, it is vital that the social partners are actively involved in all of this; otherwise, it would be futile. They are the ones who will base their actions on such measures and build their future. Their empowerment, supported by the state or government, is essential, but the ongoing responsibility for development lies primarily in their hands.

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