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# AN UNCERTAIN FUTURE OF COLLECTIVE BARGAINING IN CENTRAL AND EASTERN EUROPEAN COUNTRIES

Executive summary  
of the comparative report

INSTITUTE OF  
PUBLIC AFFAIRS

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## Executive Summary

This executive summary, prepared under the CEECAW project on the basis of national researchers' reports, analyses the state of collective bargaining (CB) and trade union organising in twelve Central and Eastern European (CEE) countries. It examines how structural weaknesses, institutional fragmentation, and the lack of supportive policy frameworks limit the development of bargaining mechanisms across the region. The analysis focuses on the context of the 2022/2041 EU Directive on Adequate Minimum Wages (AMW Directive), which legally obliges Member States to promote collective bargaining where coverage falls below 80%.

The introductory section underscores the central role of CB in the European social model, as elaborated in the 'old' Member States (EU-15). In many of them, multi-employer bargaining has historically contributed to labour protection and social stability, striking a balance between competitiveness and workers' rights. However, since the 2008–2009 financial crisis, collective bargaining has often shifted from a proactive tool for improving conditions to a defensive strategy aimed at preserving existing standards. This change has been accompanied by a rise in concession bargaining and decentralisation, especially in the public sector, eroding the solidarity dimension of collective action.

In CEE countries, one can see additional challenges to CB development due to employers' reluctance, limited trade union capacity, and a visible lack of interest from the state. CB tends to occur at the company level, with little vertical or horizontal coordination. Multinational corporations further constrain union actions by threatening to relocate production or investment, leveraging global capital mobility to undermine wage-setting mechanisms.

The report also reviews theoretical frameworks for understanding the diversity of industrial relations models in CEE. Drawing on concepts like "varieties of capitalism" and "dependent market economies," it demonstrates that CEE countries cannot be easily classified. For example, while Slovenia retains features of a coordinated economy, Hungary and Romania have shifted toward Anglo-Saxon liberal models, with Poland combining elements of the continental and Mediterranean types. This volatility makes unified solutions difficult to apply.

National reports have enabled a comparison of current industrial relations practices across the countries in the region. In the next paragraph is a summary of the main points expressed by researchers, in alphabetical order.

Bulgaria has extensive tripartite structures, and despite pressure from foreign capital, sectoral bargaining is assessed as relatively strong. Croatia shows stability in the number of collective agreements, but employers' reluctance to negotiate and the rigidity of labour law are causes for concern for the future. In Czechia, the company level dominates in collective bargaining, and employers, especially multinational corporations, avoid sectoral negotiations. In Estonia, low unionisation and restrictive conditions for extending collective agreements hamper the activities of small unions. Hungary has been characterised by conflictual pluralism and the marginalisation of social dialogue by the authorities since 2010, accompanied by increased labour market flexibility. Latvia and Lithuania have low levels of sectoral bargaining; in the former, non-union representatives are allowed to conduct negotiations, which is perceived as controversial, while in the latter country, the private sector has virtually no collective agreements. Poland has a hybrid model with strong tripartite dialogue at the central level but dramatically low collective bargaining coverage (around 13%). There is a tendency for agreements to be replaced by wage regulations and a lack of state activity, which is described as 'hostile neutrality'. Romania underwent neoliberal deregulation after 2011, which destroyed sectoral bargaining, but recent reforms, also thanks to EU support, point to a gradual improvement. In Serbia, the regulations in force allow collective bargaining without the participation of trade unions, additionally weakening social dialogue, which is not particularly supported by the government despite the country's EU candidate status. Slovakia maintains bilateral dialogue structures also at the sectoral level, but their effectiveness is limited by the use of opt-out clauses by employers. Slovenia continues to stand out for its high collective bargaining coverage thanks to compulsory membership of employers in chambers of commerce, although the model is also eroding here.

According to the Global Rights Index 2024, Hungary and Serbia were classified as countries with systematic violations of labour rights, while Poland, Bulgaria, and Romania were classified as countries with regular violations.

The AMW Directive marks a significant shift in EU policy. Article 4(1) obliges Member States to create conditions conducive to collective bargaining,

including protecting union activity and fostering meaningful wage negotiations. Article 4(2) requires states below the 80% threshold to establish frameworks conducive to bargaining and to prepare action plans with concrete steps and timelines. These plans must be reviewed at least every five years and developed in consultation with social partners. Although the Directive imposes obligations of action, not results, it creates a legal and political mandate to strengthen bargaining coverage.

Despite this opportunity, national responses have been uneven in CEE. The analysis of national reports reveals that in most countries of the region, political and trade union focus has primarily been on the provisions of the AMW Directive related to minimum wage-setting mechanisms, while the development of action plans to promote collective bargaining (as required by Article 4 of the Directive) has been delayed. According to data collected by researchers by the end of November 2024 (i.e. immediately after the deadline for implementation of the Directive), the state of play was as follows.

In Bulgaria, there has been no progress on an action plan, though social partners suggest that future legislative proposals should include a five-year plan. Croatia created a working group to develop an action plan, but little follow-up has occurred. Czechia has made the most formal progress: social partners submitted proposals, and the government categorised them by feasibility, yet no major legislative steps are expected soon. Estonia and Hungary have not initiated any action plans, with activities limited to discussions on minimum wage adjustments. Latvia has seen early-stage discussions, initiated by trade unions, to develop legislation favouring collective agreements. Lithuania plans to prepare its action plan within a broader project on social dialogue, though consensus is lacking and specifics are unclear. Poland began consultations early in 2023, but the legislative process stalled. Trade unions outlined ambitious recommendations, including representativeness criteria and public procurement incentives, but no draft law has reached parliament as of mid-2025. Romania included a requirement for an action plan in its draft legislation, with goals to increase collective bargaining coverage to 80%, but concrete steps remain pending. Slovenia, claiming high bargaining coverage (78%), does not see the need for further action, despite lacking official data. In Slovakia, the action plan is delayed despite a legal mandate, and trade unions are calling for stronger government engagement and membership re-cruitment. Serbia, though a candidate country, has shown no activity toward implementing the Directive.

Overall, the development of action plans remains a marginal concern across the region. Trade unions have only sporadically pushed for action, often facing resistance from employers and indifference or inaction from public authorities. The findings suggest a significant gap between EU expectations and national implementation efforts regarding the strengthening of collective bargaining systems.

The current developments highlight a broader pattern of institutional inertia and limited possibility of trade union mobilisation. Many unions have problems with actively demanding domestic reforms concerning CB revival. Employer resistance and a lack of political will of the public authorities further limit progress.

Importantly and provocatively, the report challenges the assumption that mainly union density directly determines collective bargaining coverage. In several EU-15 countries, high coverage is sustained through institutional mechanisms such as the widely used extension of sectoral agreements (e.g. France, Spain), mandatory employer membership (Austria), or union-administered unemployment insurance systems (Sweden, Denmark). Such leverages additionally help maintain a broad CB coverage. In contrast, CEE countries lack similar institutional supports, making CB coverage levels fragile and dependent on voluntary engagement. It means that if national action plans in Central and Eastern European countries are to effectively expand CB coverage, they must be supported by strong institutional mechanisms, and trade unions should actively demand the development and implementation of such frameworks. This does not mean that these organisations should not think about developing their internal power — negotiation capacity and organising new members. This should go hand in hand, because only the pressure of strong unions can enforce the creation of institutional support for CB in this region.

The report offers several recommendations. First, trade unions should promote the revival of CB, including sectoral, on different levels, e.g., in local government services, where coordination is more feasible and visible. Second, mechanisms for extending collective agreements should be simplified and made more transparent. Third, public procurement rules could be reformed to favour employers who engage in collective bargaining. Fourth, governments should develop incentives — legal, financial, or reputational for employer participation in CB. Finally, unions must improve their public

image, particularly among younger workers, by investing in communication strategies and engaging actively in social media.

The report also notes a structural paradox: in many CEE countries, strong individual labour protections inherited from the communist era diminish the perceived value of collective agreements. Unions may fear undermining these protections by shifting towards bargaining frameworks that cannot offer greater benefits. Thus, future collective bargaining should also address emerging issues like flexible working, digital surveillance, and algorithmic management to prove its relevance.

Finally, the report warns that the growing populist movement in both CEE and wider in the whole EU seems to undermine long-term efforts to Europeanise industrial relations. It means, for example, that the vision of conducting effective cross-border negotiations in multinational corporations operating in the EU currently seems to be impossible in the near future.

Nevertheless, Article 4 of the AMW Directive remains a unique opportunity to restore collective bargaining as a key tool for balancing economic and social objectives. The author concludes that even if the battle before the Court of Justice regarding the Directive itself will end with the undermining of (some) of its provisions, preparing action plans and debating reforms will demonstrate whether EU-level initiatives can meaningfully and positively influence national industrial relations systems.

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