JAN CZARZASTY

UNDER THE SHADOW OF THE POLYCRISIS

CENTRAL PUBLIC ADMINISTRATION 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 presents a comparative analysis of the data collected during the research on national collective bargaining systems and social dialogue in the central public administration (hereinafter: CPA) sector. With no standardised definition of the CPA, we have chosen the one included in the European System of Accounts (ESA), where there is a sub-sector labelledas central government (S.1311) that includes "all administrative departments of the state and other central agencies whose competence extends normally over the whole economic territory, except for the administration of social security funds". The research was conducted in 12 Central and Eastern European (CEE) countries (Bulgaria, Croatia, Czechia, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Serbia, Slovakia, and Slovenia) in 2024. The project's main objectiveis to shed light on the role of collective bargaining and other forms of social dialogue in devising public policies to mitigate key problems in the CPA. The main findings include: underfunding, understaffing, fragmentation of the workforce and its ageing, politicisation (and the ensuing weakness of the civil service), as well as — albeit not in all countries in focus — the current limitations of the right to strike and collective bargaining. Recommendations follow with such issues as social partners capacity building and enhancing collective bargaining emphasised.

Key challenges in the CPA sector

1. **Understaffing and workforce ageing**: The CPA, once an attractive employer in CEE countries, currently faces a challenge of labour shortage. The workforce is ageing, with a significant proportion of employees aged over 40. Furthermore, young people are reluctant to seek employment in the CPA due to falling and inadequate (especially for sectoral labour market entrants) wages and vague career prospects. Thus, the challenge of generational turnover is growing.

2. **Work intensity**: Employment gaps translate to growing wage intensity, which negatively affects the quality of work and further undermines the motivation of employees, leading to an increasing popularity of the 'exit' option with the private sector perceived as a more attractive employer.

3. **Erosion of real wages**: Due to the rapid post-2020 inflation coupled with inadequate indexation (in many, albeit not all, countries in focus there are no legal regulations or relevant CB provisions that would secure 'automatic' indexation of wages in relation to inflation), fragmentation of the workforce makes the issue of wage determination in the CPA even more complicated. As a result, wages are often subject to unilateral decisions by the state and take the form of random, incidental wage raises intended to compensate for the loss of purchasing power of CPA employees (though, not always to an adequate level) but driven by political (often electoral) motives, thus adding to the unpredictability of working conditions.

4. **Fragmentation of the workforce**: In general, there are three categories of employees present in the sectoral labour market: civil servants, Civil Service employees, and other employees. The legal and collective bargaining regulations of their employment (service) relations are incongruent (with civil servants being covered by a separate legal regime, while the two remaining categories are subject to labour law), thus their working conditions, including pay, differ and translate to divergent collective interests.

5. **Politicisation**: The Civil Service, despite its legal foundations designed with a view of facilitating its apolitical status, is, nevertheless, prone to political pressures and actions on the part of central governments (and political forces in control of them) which, albeit often not directly, are intended to weaken it and exercise certain forms of influence, hence control.

6. **Challenges of digitalisation**: While digitalisation of the CPA is ongoing, and has accelerated since the outbreak of COVID-19, the process encounters various obstacles, with shortages of relevant skills and competences being very prominent, as with no adequate pay competitiveness, the CPA often fails to attract IT specialists essential for the implementation of e-government structures and processes.

7. **Potential (but not actual) veto power of the sector's employees**: CPA employees, even though in many countries in focus are not explicitly recognised as such, de facto remain as a significant part essential workers (as the experience of COVID-19 proves), so in theory their veto

power is strong, yet its realisation often meets obstacles. While the freedom of association is essentially not restricted, the right to collective bargaining is limited in some countries in focus, so is, and to even larger degree, the right to strike, which sometimes results in peculiar situations exemplified by a right to enter into a collective dispute with the employer, but without the right to escalate it into a strike.

Major problems and challenges regarding collective bargaining and union organising in the CPA sector

1. **Generally declining union membership rates and union fragmentation**: The former is a common feature of this sectoral industry in the countries in focus (although with some exceptions), even though the situation remains better than in the private sector. The latter is present only in some countries.

2. **No clear counterparts for trade unions in collective labour relations**: In the CPA, there is a problem with the proper identification of the employer in a legal and institutional sense in some countries(employer organisations per se are not present).

3. **Generally declining collective bargaining coverage**: The collective bargaining coverage is declining, yet still higher than for the private sector.

4. **Limitations of collective bargaining and strike rights**: In certain countries, there are limitations on CB and the right to strike. Pay bargaining is limited orde factoabsent in such countries as Romania, Czechia and Poland.

Impact of EU-level social dialogue

1. Trade unions in CEE countries are primarily focused on domestic affairs, as handling them is a matter of survival, and the issues of cross-border and EU-level nature tend to slip out of the frame.

2. The impact of European Social Dialogue (ESD) on the national level is assessed as low, with many of the national social partner representatives interviewed not aware of its agenda and outcomes.

3. As far as the relevant European social partners, the Trade Unions' National and European Administration Delegation (TUNED) and the European Public Administration Employers (EUPAE), are concerned, in most of the countries, there are trade unionstied to TUNED (via the EPSU and the CESI). From the employer's side, only some of the countries covered are represented in the EUPAE.

4. The sectoral agreements accomplished in the EU Social Dialogue Committee for Central Government Administrations on information and consultation rights of workers and digitalisation were negotiated to become legally binding. However, translation into law has not happened.

Recommendations

1. There is a need for continuation of efforts on the part of EU-level social partners, with the EPSU to play the first fiddle, directed at building the capacities of national-level trade unions.

2. CEE unions representing the sector could be more drawn into ESD, if it focused to a larger degree on the issues that, from their perspective, are vital (e.g. the issue of a segmented workforce).

3. National-level social partners with support from the EPSU could put more pressure on national governments to enforce the Minimum Wages Directive or, in case of the Directive's annulment, should push for establishing relevant national-level legislation strengthening collective bargaining.

4. Extension mechanisms of collective agreements and ways of their efficient implementation should be discussed thoroughly.

Conclusions

The CPA sector faces numerous challenges with understaffing, an ageing workforce, real wages erosion, politicisation, and some limitations on collective bargaining and striking rights. National level social partners have to cope with generally falling union density, and with relatively low power resources levels, are preoccupied with existential matters. As a result, their engagement with ESD suffers. Their capacities need to be continuously built with the support of European-level social partners.

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