



CELSI Central European
Labour Studies
Institute

Challenges for Organising and Collective Bargaining in Care, Administration and Waste collection sectors in Central and Eastern European Countries

Czechia: Development of collective bargaining

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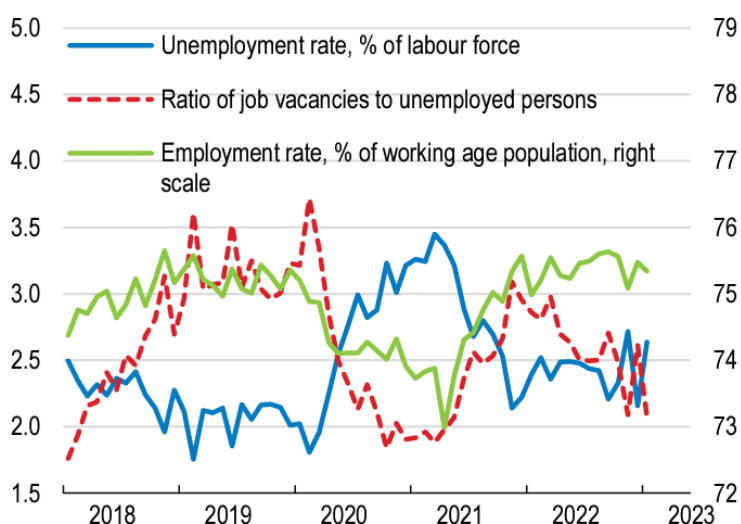
1. Methodological preface

This report is based on desk research, authors' interviews, and other activities related to research projects on social dialogue. Over the past year, the authors conducted more than 40 interviews with trade unions and employers' representatives in automotive, healthcare and social care, transportation, banking, public administration and services, addressing both company and sector levels. Additionally, in 2024, two workshops were conducted with trade union ČMKOS and CELSI, focusing on strengthening social dialogue and discussing the Directive on minimum wages and collective bargaining. To verify and receive the most recent information about the developments in this field, we interviewed with the representative of the Ministry of Labour and Social Affairs in October 2024.

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

The labour market in Czechia has been stable for a long time, with one of the EU's lowest unemployment rates, at 2,56% in 2023 (Figure 1). In the first quarter of 2024, the employment rate rose by 0.4 percentage points to 74.9% compared to the same period last year. The employment rate for men declined by 0.3 percentage points to 80.9%, while the rate for women increased by 1.3 percentage points to 68.8% (Czech Statistical Office 2024).

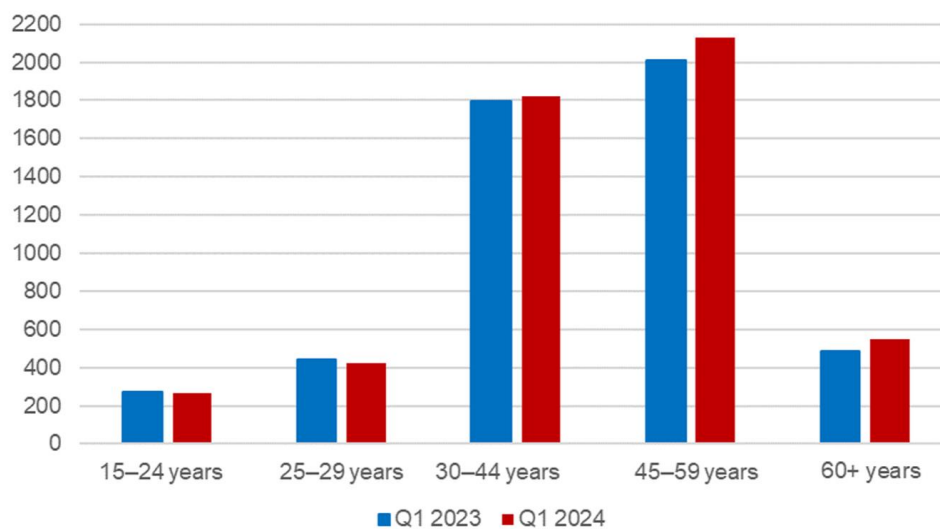
Figure 1. Czechia unemployment rate (2018-2023)



Source: OECD, Czech Statistical Office

The Czech labour market is also characterised by a changing **age composition** of its workforce. The latest data released by the Czech Statistical Office continues to reflect this ongoing negative trend, as the number of workers aged 45 to 59 years increased significantly, with 118.2 thousand more. The increase in workers aged 60 and over was also significant, with 65.0 thousand more workers year-on-year. On the other hand, there was a slight year-on-year decline in the 15-24 and 25-29 age categories (Figure 2).

Figure 2. The number of working persons in the national economy and their structure by age group (thousand)



Source: Czech Statistical Office, The Labour Force Sample Survey

Examining the **employment structure**, the proportion of temporary contracts and commercial law contracts in Czechia has garnered significant attention in recent years. This is due to concerns about job security, employee rights, and the impact on the overall labour market. These contracts often offer less stability and fewer benefits than permanent employment, raising issues about workers' long-term financial security and social protection. (Kahancová, 2016).

In the fourth quarter of 2023, over 344,000 individuals were employed under temporary job contracts, 1,216,035 people were engaged in agreements on work performance, and 239,679 people were working under agreements on work activity (Czech Statistical Office, 2024).

2.1. Industrial relations at a glance

The unionisation rate in Czechia is 11.4% based on the OECD data, the last available from 2018 (OECD, 2024). The employer organisation rate is higher,

around 45%. **Collective bargaining coverage** is 34.7% based on the OECD dataset (data for 2019) and 33 % based on the annual survey of Czech-Moravian Confederation of Trade Unions (Českomoravská konfederace odborových svazů, ČMKOS) in 2023 (Kroupa et al., 2023).

Eventually, the collective bargaining coverage is slightly higher, thanks to the sector-level collective agreements. However, data are missing. The figure for collective bargaining coverage is thus based only on company-level agreements. There were 24 sector collective agreements (HLCAs) concluded in 2023 (Kroupa et al., 2023), of which 17 were concluded by the biggest TU confederation ČMKOS, and one sector-level agreement was concluded by the member of the second largest peak-level trade union organisation, the Association of Independent Trade Unions (Asociace samostatných odborů České republiky, ASO ČR) and the remaining six were concluded by independent trade unions (ibid).

3,524 company-level agreements concluded in 2023, covering 1,381,000 employees in 4,168 companies. The number of companies where trade unions operate remains stable, with 4202 companies (ibid).

The tripartite body, officially called The Council of Economic and Social Agreement (RHSD, Rada hospodářské a sociální dohody České republiky) serves as the consultative body of the government, employers and trade unions. Despite the lack of negotiations in a binding form (no collective bargaining), social partners highly value the body's role in resolving disputes and offering direct access to government representatives (Martíšková & Šumichrast 2023).

The tripartite body associates ČMKOS representatives, but also representatives of Association of Independent Trade Unions (ASO, Asociace samostatných odborů) and representatives of two employers' federations, the Confederation of Employers' and Entrepreneurs' Associations (KZPS, Konfederace zaměstnavatelských a podnikatelských svazů) and the Confederation of Industry (SP, Svaz průmyslu). There are 16 regional tripartite bodies established to discuss issues at the regional level with social partners and regional governments.

Employees in Czechia have the **right to strike**, but legal regulations minimise their occurrence. Strikes can only occur after failed collective bargaining or mediation and require a two-thirds majority pro-vote from at least 50 per cent of the workforce (Labour Code §17). This process is time-consuming and resource-intensive, significantly constraining strike activity (Martíšková & Šumichrast, 2023; Myant, 2019). Additionally, striking employees forfeit wages,

and employers do not pay compulsory social contributions (LC §22), making strike participation financially burdensome and often discouraging employees from striking. Alternatively, employees can call a strike outside the legal framework of the Collective Bargaining Act, relying solely on the Charter of Human Rights provisions. However, employers can contest this approach in court, exposing employees to the risk of significant financial consequences if the strike is deemed illegal (Myant, 2019).

2.2. Collective labour agreements

Trade unions are the only subject entitled to conclude collective agreements at the company and sector level. **Works councils** were also introduced in the legislation but are only granted information and consultation rights with the employer.

Collective agreements are typically not registered, and in most cases, the company and trade union agree not to publish them, making the agreements unavailable. However, ČMKOS collects data on these agreements through its Information on Working Conditions (IPP, Informace o pracovních podmínkách), providing aggregated information on wage increases and other provisions. (Kolektivnismouvy.cz 2023).

The largest group not involved in collective bargaining is the **self-employed**, who represent 14% of the working population. The Czech labour market faces a high incidence of **bogus self-employment** and widespread use of this form among highly qualified professionals who do not view it as dependent employment but also among lower and middle-qualified workers in the construction and manufacturing sector. A recent survey found that over one-third of the self-employed do not find trade unions useful, and two-thirds are unaware they can join a trade union. (Aleš Kroupa et al. 2024).

2.3. Opinions on the state of collective bargaining

In one of the author's interviews in 2023 and other interactions with trade unions in 2024, the greatest concerns have been related to the scope of collective bargaining, particularly regarding **new technologies** and **decarbonisation** (Martišková 2024).

Another issue raised during these interviews, and in several of the author's projects, is the **diminishing real-life impact of sector-level bargaining**. Employers often leave their associations to avoid sector-level collective bargaining and their company's coverage. Additionally, many employers establish their associations as NGOs rather than employers' associations,

allowing them to avoid the obligation to negotiate collective agreements at the sector level. Under the current legal framework, little can be done about this approach, resulting in trade unions facing difficulties in concluding new collective agreements and renewing existing ones.

3. Collective bargaining dynamics in recent years

Legislation governing collective bargaining and social dialogue remained stable over the past five years, except for one notable change. In 2023, as part of measures to consolidate public finances, the government eliminated the option to deduct trade union fees from the tax base starting in 2024. Previously, trade union members could deduct up to 1.5% of their fees from the tax base, up to 3,000 CZK, while the usual membership fee was 1% of the net wage. Although this cancellation will not significantly impact state budget revenue, it may affect trade union membership in the future. At the very least, it could be interpreted as a signal that the current government does not support trade union membership. Other recently adopted legal changes are introduced in part 4 as a part of the debate on Directive implementation.

4. State of play after the adoption of the Directive

4.1. Discussions and legal preparations

The Directive's implementation in Czechia significantly impacted the remuneration and collective bargaining systems at the company level. First, we introduce the legal changes that have already been approved, and then we describe the ongoing debate over the action plan.

Remuneration system in Czechia

The remuneration system in Czechia has, since the 1990s, been based on the eight minimum levels, taking into account not only the general minimum wage level but another seven minimum degrees recognising the difficulty of work (see Table 1). In practice, the minimum wage levels differed for various occupations, with the highest minimum degree being two times higher than the basic minimum wage. In practice, the full scale was important for low- and middle-qualified professionals in companies that were not covered by collective agreements. (Martišková et al., 2021). However, the critics suggested that the majority of employees were not aware of these degrees, and for employers, it was difficult to classify each position into the corresponding degrees. Moreover, for qualified professionals, the actual wages exceeded minimum levels several times. Despite limited importance in practice, for trade

unions, this was an important tool for the moderation of wage differences at the company level, and thus, its abolishment means that wage moderation is now dependent only on collective bargaining at the company level or on internal regulation of wage scales. The flagship example is the wages of cashiers, who fall under the third degree and are entitled to a minimum wage that is 1,12 times higher than the statutory minimum wage. The abolishment of wage degrees can thus effectively decrease their wages in some cases.

Minimum wage degrees abolishment was on the agenda of several parties in the political spectrum for several years; for instance, the ANO party in 2020 proposed the same measure.¹, but the resistance from the Communist Party prevented the step. The Communist Party supported the minority ANO government in 2019 and 2022. The ruling parties in 2024, ODS, the biggest party of the centre-right coalition Spolu (ODS, TOP09 and Christian democrats KDU-ČSL), had it on the agenda for a longer period as well, and the Directive implementation meant a good opportunity to actually change it. Thus, the introduction of the valorisation mechanism of minimum wage was misused to cancel the minimum wage degree regulation in Czechia. Politically, the abolishment of the wage degrees was exchanged for the introduction of the valorisation mechanism of statutory minimum wage.

The underlying story behind the abolishment is that trade unions lost their allies in political representation when neither the Communist Party nor the Social Democrats were in the Parliament between 2022 and 2025. To reverse the change, in September 2024, the trade union confederation ČMKOS submitted a complaint to the European Commission on the wrong implementation of the Directive, arguing that the abolishment of wage degrees in the private sphere while preserving them in the public sphere causes unequal treatment and discrimination (ČMKOS, 2024).

Table 1: Minimum wage degrees valid until 2024

Wage degree	Example of profession	% of minimum wage	Rate in 2024 (abolished from 2025)
1 – Unskilled work consisting of simple work and other unskilled jobs.	kitchen assistant, cleaner, courier	100%	18.900 CZK (756 EUR)

¹ <https://ct24.ceskatelevize.cz/clanek/ekonomika/schillerova-chce-zrusit-zarucenou-mzdu-komuniste-hrozi-vypovezenim-tolerance-vlady-45400>

2 – Homogeneous work 103.2	Construction worker, storekeeper, garbageman, sanitation worker, janitor, building security, car driver, maid, packaging line operator	103,2%	19.500 CZK (780 EUR)
3 – Professional work 112.7	Bricklayer, plumber, plumber, repairman of electrical or heating appliances, barber, hairdresser, saleswoman, cashier, waiter, barmaid, invoicer, car mechanic, subway train driver, dental technician	112,7%	21.300 CZK (852 EUR)
4 – Professional work with complete independent systems 115.3	General nurse, midwife, plumber, tour guide, interpreter, accountant, maintenance worker of simpler equipment and structures, train driver on secondary lines	115,3%	21.800 CZK (872 EUR)
5 – Professional specialised works 127.5	A bus driver for more than 16 people, foreman, dispatcher, paramedic, personnel and payroll accountant, tax expert, IT administrator, kindergarten teacher, driving school instructor, building designer	127,5%	24.100 CZK (964 EUR)
6 – System works 140.7	Business officer, network administrator, creator of the concept of IT systems, independent designer of extensive and demanding constructions	140,7%	26.600 CZK (1064 EUR)
7 – Systemic specialised work 155.6	Financial expert, marketing expert, IT expert, developer of new programs and systems, doctor, dentist, pharmacist	155,6%	29.400 CZK (1176 EUR)
8 – Creative systemic work	Financial and commercial director, broker on the financial and capital market, demanding creative system work	200%	37.800 CZK (1512 EUR)

Source: own compilation based on Eurofound (2024), p.9 and ČMKOS (2024).

Collective bargaining at the company level

The Directive implementation represents a significant change for company-level bargaining. In the case of multiple trade union organisations at one workplace, until 2024, it was obligatory that all organisations agree on one collective agreement. If not agreed, the collective agreement was not concluded, and a mediation procedure took place, which could last several

years. In practice, in 76% of workplaces, there is one trade union organisation, while at 11,6%, there are two organisations, and this number slightly increased since 2021 when it was 10%. Moreover, there are almost 5% of workplaces have three trade union organisations, 1,7% have four of them, and 5,5% have five, which mostly account for big employers with several branches. (Trexima, 2023).

Despite the number of workplaces with multiple trade union organisations not increasing in recent years, in some workplaces, it was a complication for the employers who had an obligation to lead a social dialogue with all trade union organisations. On top of that, some artificially established trade unions were suspected of abusing the employees' right to information to access internal information from the companies (Veverková 2021). Their common feature is functioning solely in the virtual space and not entering collective bargaining (HN Online 2019).

The plurality of trade union organisations was thus slowing down or distorting collective bargaining in some companies. The largest trade union confederation, ČMKOS, was thus calling for the application of the majority principle, allowing employers to conclude a collective agreement with the biggest trade union organisation. The measure entered the legislation as a part of the Directive's implementation in 2024 and is considered to contribute to improving collective bargaining coverage in upcoming years.

Another measure is supposed to increase the collective bargaining coverage, when the extension of sector-level agreements is now possible also on companies with more than 10 employees, while previously it was possible to extend the agreement on companies with a minimum of 20 employees. This should help in sectors with many small companies, such as transportation or construction.

The action plan implementation

The Ministry of Labour and Social Affairs contacted social partners to provide their suggestions for action plan measures in the summer of 2024. Since then, the expert group composed of social partners has been meeting to come up with the proposal. The Ministry is intermediating the process by sorting the proposals into those possible to implement (having a green light), those to be discussed (having a yellow light) and those not in accordance with international agreements and thus impossible to implement (red light).

A ministry representative emphasised that the intermediate role in negotiations with the social partners is intentional because of the low level of

representativeness of social partners and their inability to reach a conclusion in bilateral negotiations.

When it comes to social dialogue support, there are two topics on which there is accordance between employers and trade unions:

1. The support of their activities is through European funds and the state budget. Social partners are supported by 30 mil. CZK (1,2 mil EUR) yearly from the state budget and around 12 mil. EUR was allocated for a 7-year period in the European Social Fund in Czechia. The demand is to increase these funds, but at the same time, the Ministry of Labour asks social partners to develop activities that lead to the development of sector-level social dialogue, in line with the Directive's aims of increasing collective bargaining coverage.
2. Reintroduction of tax support of membership in trade unions by introducing back the tax benefit that was cancelled in 2024 as a part of consolidation measures. This measure brought into the state budget 240 ths EUR. Thus, it was rather a measure to discourage trade union membership than to increase state revenues. This is supported by employers as well.

On the trade unions side (ČMKOS confederation), there are several other proposals to improve collective bargaining coverage, which include:

- Support for awareness raising and education about the importance of collective bargaining and social dialogue
- Increase financial resources for social partners' activities (arguing with enormous inflation in the last three years)
- Prepare a complex information service about collective bargaining at the national level (current law and practice information, strategies in collective bargaining, new publications about collective bargaining, etc).
- Support activities of trade unions at the workplace by defining the contribution of the employer to their activities (example from the Slovak law)
- Measures to encourage employers to form associations (e.g. through public procurement, allowing to employ foreign workers, or assigning tax allowances only to organised employers)
- Enhance areas for codetermination at the workplace level, e.g. in the quotas for foreign workers or agency workers at the workplace
- Enhance the presence of trade unions at the workplace (e.g. when hiring or allowing access to employees in remote work regime)

- Increase motivation for bargaining on the employer side by introducing concessions (e.g. a higher maximum of overtime work per week, longer periods for contracts in definite durations, or longer maximum time working under the agency only under the collective agreements)
- Improve enforcement of the employers' duty to participate in collective bargaining of higher (sector) level
- Modernize the Act on Collective Bargaining and align it with current legislation.

The observation from the Ministry representative, however, was that any more complicated measures and legislative changes are not expected in the near future as the public demand for complex changes in labour legislation and specifically in the legislation of collective bargaining is low.

4.2. Any trade union activity dedicated to promotion/familiarise the audience with the Directive

There is currently no initiative or campaign by trade unions specifically related to the Directive. However, trade unions conduct internal discussions on the topic. Consequently, any proposed measures are being debated only within these internal discussions, supported by EU-level trade union campaigns and documents. For example, UNI Europa has conducted research and launched the "Level-up" campaign to advocate for sector-level collective bargaining, which includes a list of potential policies to increase bargaining coverage.

The debate within the trade union movement primarily focuses on the following measures:

1. **Increasing Membership:** Enhancing services and conducting recruitment campaigns to grow the membership base.
2. **Legislative Changes:** Proposing changes to support collective bargaining by strengthening the role of trade unions in the workplace. This could include introducing clear rules for trade union representatives' release from work and defining which organisation is responsible for bargaining at the company level. Currently, all trade union organisations are invited to negotiate a single collective agreement at the workplace.
3. **Expanding Employers' Organizations:** Addressing the practice of many employers avoiding sector-level and/or company-level bargaining. This may involve measures such as incentivising employers to conclude collective agreements, for example, by including social clauses in public

procurement that require collective agreements for companies participating in tenders.

Another issue is the reporting and analysis of collective agreements. The high level of decentralization within trade unions, which grants considerable autonomy to company-level unions, means that there is no obligation for them to report their agreements or provide them for sector-level analysis, although many do so voluntarily.

5. Action plan

As of October 2024, there is an internal committee at the Ministry of Labour discussing the changes. The first draft is expected in autumn 2024 or spring 2025 at the latest.

Summary and conclusions

Current developments and debates reveal uncertainty about how to begin preparing the action plan for strengthening social dialogue. While the responsibility lies with the government, some trade union members argue that it is up to the Ministry of Labour and Social Affairs to propose and implement the plan. Some initial steps have been taken at the Ministry of Labour and Social Affairs, and internal discussions between social partners and the Ministry are ongoing. No external experts were invited to this committee. As a result, it is not expected that any profound changes in legislation will take place to enhance collective bargaining.

The debate is partially supported by EU-level trade union organisations, particularly UniEuropa and IndustriAll, as well as through research dissemination activities by ETUI and CELSI. At present, trade unions do not see the Directive as a means to reverse the decline in collective bargaining coverage. Nonetheless, several recent projects aimed at strengthening the membership base indicate a strong interest within the trade union movement in enhancing their resources. Given that organising efforts are largely an internal matter, it is understandable that the implementation of the Directive is not the only tool for achieving higher collective bargaining coverage.

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