Precarious Work in Hungary and Slovenia: Roles and Strategies of Trade Unions
ABOUT THE PROJECT

This study was commissioned by the Central European Labour Studies Institute. It was conducted and recognized in partial fulfillment for the “Policy Labs” course within the Department of Public Policy at Central European University. Policy Labs are part of the MA curriculum. They give an opportunity for small teams to work for external clients producing and presenting policy relevant research that will be used for advocacy, assessment and development. Clients are civic organizations, donors, research centers and international organizations. The Policy Lab focusing on this project was mentored by Achim Kemmerling, Associate Professor at the Central European University’s Department of Public Policy.

ABOUT THE PAPER SERIES

Policy Research Reports are occasional studies that provide support or background information for wider research projects. They include reviews of scientific literature, state of the art reports, and country studies. They are works in progress and offer practical combinations of academic and policy writing.

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The views in this report are the authors’ own and do not necessarily reflect those of the Center for Policy Studies, Central European University, the Central European Labour Studies Institute or any its entities.

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1. Introduction
Since the mid-1970s, economies across the globe have turned to nonstandard employment forms as a way to boost employment levels amid increasing competition among firms. Such precarious forms of employment, such as part-time, casual or seasonal, fixed-term or temporary agency work, have been utilized throughout Europe as tools to alleviate persistent unemployment and stagnating growth (Kalleberg 2000). The increasing incidence of alternative forms of employment have particular implications among the post-transition economies of Central and Eastern Europe (CEE), where labour unions often play a weaker role in civil society compared to their Western counterparts. In Hungary and Slovenia, among other CEE countries, legislative changes in the past decade have institutionalized and encouraged the proliferation of precarious work, giving employers more flexibility in determining the relationship between employer and part-time workers, fixed-term workers, temporary agency workers, casual or seasonal workers, and other types of precarious workers. While the increase of these types of employment is not necessarily problematic, the associated risk of precariousness – of lower wages, less employment stability, less access to further company-based training, and poverty in retirement – may create unjust costs to society (Seifert 2012). Legislative changes to deregulate the standard model of employment to allow for more precarious forms ultimately may lead to more workers who are more vulnerable (Tésits and Szenoradszki 2010).

Trade unions in CEE countries have responded to the growth of precarious work in diverse ways at multiple levels. This report describes the responses of trade unions to precarious employment in two CEE countries, Slovenia and Hungary, in the wake of the global financial crisis of 2008. In particular, this report examines the incidence of institutionalized forms of precarious employment in Slovenia and Hungary, and the strategies and instruments that trade unions utilize to address precarious employment.

Following the introduction, the report includes three major sections. The first section explores the labour market in Hungary and Slovenia, including recent legislative developments related to deregulation of standard employment forms and precarious employment. It also describes the types of precarious employment and their incidence in the two countries. The second section explores trade union responses to precarious employment based on interviews with labour experts and trade union representatives in both countries. The analysis in the final section reveals that while unions in both Hungary and Slovenia share a critical view of precarious employment and the risks it poses for both precarious workers and standard employees, their responses to such employment varies widely. In Slovenia, the main union confederation is responding to the issue of precarious work at the national level, but in Hungary, there is a lack of strategic response at the national level, and instead the issue is addressed in the context of temporary work agencies (TWA) at the sectorial level. This may be a result of the higher incidence of precarious work forms in Slovenia, which pushes the issue of precarious work higher on unions’ agendas there.

Interestingly, trade unions in both countries – whether at the sectorial level or national level – experienced greater success in achieving their goals vis-à-vis precarious employment when engaging in two types of strategies: (i) inclusion, such as organizing precarious workers into unions; and (ii) separation of precarious workers as a distinct type of worker, including giving precarious workers special attention to support and meet their specific needs. In Hungary, trade unions at the company and sectorial level have influenced legislation dealing with one form of precarious employment, temporary agency work; unions view the promotion of temporary agency workers’ rights and the organization of those workers to also align with their interest of protecting the rights of standard employees, who form the bulk of union membership. In Slovenia, where precarious employment forms are found particularly in the construction, education, services and retail, and tourism sectors, unions are working to engage youth – who are disproportionately forced to accept these precarious forms – through the organization of a youth trade union.

Given the success of these strategies, the authors therefore recommend that trade unions focus their efforts on strategies of inclusion and separation to advance their agenda regarding precarious work.
Methodology and Scientific Approach
This report relies on qualitative data, collected from primary and secondary sources, to create a picture of precarious employment in Hungary and Slovenia and the strategies unions use to address such employment forms. Firstly, primary statistical data on employment and trade unions was collected from relevant databases, particularly the Eurostat and OECD databases. Additional evidence was gathered from the countries' labour codes as well as publications, media articles and press releases regarding union activity and labour code changes, especially from the OECD, Eurofound and International Labour Organization (ILO).

Secondly, as a result of the lack of secondary evidence on union activities regarding precarious work in both countries, the authors collected primary empirical evidence in April and May 2012 through personal interviews with labour experts and trade union representatives in both countries in a total of five interviews. Trade unions were selected based on their size and relevance to the issue of precarious work. In Hungary, interviews were conducted with representatives from the National Association of Hungarian Trade Unions (MSZOSZ - Magyar Szakszervezetek Országos Szövetsége), which is the dominant union outside of the state sector; and the Metalworkers Union (VASAS - Vasas Szakszervezeti Szövetsés), which is a member of MSZOSZ. Additional evidence on the Hungarian context was gathered from the testimony of academic experts and union representatives who participated in a May 14, 2012, conference in Budapest, Hungary, on "Reconsidering atypical employment: Facts, motivations, opportunities and risks in East-Central Europe." In Slovenia, the authors interviewed a representative of the top union confederation, The Association of Free Trade Unions of Slovenia (ZSSS – Zvezaslobodnih sindikatov Slovenije), as well as an academic expert on Slovenian labour market issues. While an extensive number of interviews was beyond the scope of the investigation, the interviews that were completed shed insight on several instances in which unions are addressing the issue of precarious employment. All interviews were conducted in-person by the authors.

2. Precarious Employment in Hungary and Slovenia

At 10 million people, Hungary boasts about five times the population of Slovenia. However, the countries share many similar characteristics; both countries experienced transition to democracy at roughly the same time (1989 and 1991, respectively), and both entered the European Union in 2004. However, Slovenia's 2011 GDP per capita, at $27,560, is higher than Hungary's $20,545. In 2010, more people in Hungary were at risk of poverty or social exclusion than in Slovenia (29.9 per cent and 18.3 per cent of the population, respectively); but both countries reported that only 5.3 per cent of the working population was at risk of poverty, lower than the EU-27 average of 8.5 per cent (Eurostat 2010).

The countries also show differences in workforce participation and trends in employment type over time. In 2011, Hungary reported an employment rate of 55.8 per cent for people between ages 15-64; at 64.4 per cent, Slovenia's 2011 employment rate was nearly on par with the EU-27 rate of 64.3 per cent. In Hungary, the employment rate has risen a slight 0.4 per cent from a decade ago, while in Slovenia it has grown by 0.6 per cent (OECD 2011c). In both countries, more women are working than a decade ago, with 50.6 per cent of women ages 15-64 employed in Hungary and 60.9 per cent in Slovenia (OECD 2011d, OECD 2011e).
Precarious employment can be defined as the obverse of the standard model of employment. Standard employment meets four criteria: it is permanent, contracts are open-ended, employees are fully integrated in the social security system, and the identity of the work and employment relationship is one between employee and employer (Seifert 2012). In contrast, alternative or precarious employment includes different characteristics: work may be part-time (less than 35 hours per week), contracts are of fixed terms, and wages may be considered low-wage (Seifert 2012). Additional dimensions of precariousness include lower job security, limited or no social security entitlements, limited access to training, and other labour conditions less favourable than in standard employment (Kahancová and Martišková 2011).

While Hungary and Slovenia report relatively little change in employment rate in the last decade, the makeup of the labour market has changed significantly. Both countries have reported increases in the number of part-time workers, temporary agency workers, and fixed-term workers. Both countries have experienced structural economic shifts from manufacturing to service industries (Seifert 2012). In 2010, 59 per cent of workers in Slovenia were employed in the service sector; in Hungary, 65 per cent worked in services (OECD 2011a). And in both countries, legislative changes have aimed to deregulate standard employment to address persistent high unemployment rates.

For the purpose of comparison across several studied countries, this report considers two major clusters of precarious employment stipulated by the labour code and commonly found in the CEE labour markets:
Employment contracts (standard employment relationship): fixed-term employment, part-time employment, temporary agency work; and in Hungary, casual/seasonal work;

Work performed outside a formal employment relationship: dependent self-employment, undeclared work.

The next section describes the legislative framework that regulates precarious employment.

2.1 Developments in the Legislative Framework

The shift from manufacturing to service industries has occurred hand in hand with changes to the labour codes in both countries that institutionalized various precarious forms of employment. Broadly speaking, these legislative changes were aimed at loosening restrictions on regular employment to address persistent high unemployment by boosting demand in the labour market and creating more flexible ways of participation in the labour market (Seifert 2012). In Slovenia, the labour market is governed by the 2002 Employment Relationships Act (42/02) and its 2007 amendments (103/07), the 2006 Collective Agreements Act and the 2010 Minimum Wage Act. These laws guarantee a high level of employment protection in Slovenia, above the OECD average (Venn 2009). Interestingly, the rigidity of employment protection laws appears to have fuelled employers’ use of temporary contracts. Dismissal procedures for standard employees “can be burdensome, especially for collective redundancies, and severance payments are substantial for long-tenure workers” (OECD 2009: 16). Employers see temporary contracts as preferable to standard employment – thus increasing labour market segmentation.

In 2007, legislative changes were introduced in Slovenia to increase employment flexibility. Fixed-term contracts were liberalized, offering the possibility to extend the two-year limitation on fixed-term contracts for certain cases, such as project work and for management staff (Article 5, paragraph 3). Temporary work agency employment is generally accepted, but with a one-year limitation (OECD 2008b). Still, the OECD argues that these changes were too cautious, and in fact foster “excessive use of precarious forms of employment to the detriment of young people who would prefer regular jobs” (OECD 2009: 57). The OECD further advised that future labour code changes specify termination procedures and stipulate a maximum level of severance payments with the objective to reduce the use of temporary contracts.

Compared to the high level of protection offered to regular employees, workers in precarious forms of employment in Slovenia have essentially no protection at all (Lukic 2012). This gap in protection has resulted in a segmented, two-tiered labour market characterized by full and strict employment protection for full-time workers on the one hand, and minimal protection for precarious workers on the other (Lukic 2012).

Hungary has experienced a similar flexibilization of its labour code in recent years. In 2008, Hungary’s level of employment protection was just below the OECD average (OECD 2011b). In general, the use of precarious forms of employment occurs less frequently than in other EU countries. The Hungarian labour code regulates fixed-term contracts, temporary agency work, casual and seasonal work and domestic work; casual work is the only form of precarious work that is exempted from employment protections including dismissals and severance.

In 2010, Hungary’s current government introduced significant amendments to the Labour Code aimed at bringing flexibility to the labour market and lowering the unemployment rate. The 2010 changes include an increase in annual overtime hours allowed, reduction of protection to employees on maternity leave, and an increase in probation periods from three months to six months, among other measures (Rindt and Krén 2010). Changes specific to precarious work regulated the registration fees paid by employers for casual and seasonal workers and domestic workers.

Experts from both countries noted the increase of precarious forms of work within certain demographic or sectorial categories. In Slovenia, the high cost of labour is a driving factor behind the increase in precarious work. In Hungary, institutionalized forms of precarious work such as casual/seasonal work, and work that is undeclared, create additional precariousness in the labour force. The increase of temporary work agencies also figured prominently in experts’ assessment of precarious work in Hungary.
2.2 Institutionalized Forms of Precarious Employment in Hungary and Slovenia

Part-time employment
Slovenia’s share of part-time workers has steadily increased to 9.4 per cent since 2002. The incidence of part-time work in Hungary has increased more slowly to 3.6 per cent in 2010, less than a percentage point increase since 2000. The incidence of part-time work in both countries still falls well below the EU average of 16.8 per cent (OECD 2011f).

Chart 3: Incidence of full-time and part-time employment in Hungary (in %), 2000-2010

Source: (OECD 2011f)

Chart 4: Incidence of full-time and part-time employment in Slovenia (in %), 2002-2010

Source: (OECD 2011f)

While part-time work remains a relatively minor phenomenon in Hungary, it is notable that among those who are employed part-time, 17 per cent reported being “forced” to work-part time (less than 30 hours per week), because they could not find a full-time job (OECD 2011g).

In both countries, women are disproportionately represented in part-time work. Women make up the largest share of part-time workers in both Hungary and Slovenia. In 2011, 66 per cent of part-time workers in Hungary were women; in Slovenia, 58 per cent were women (OECD 2011f).
Experts noted various potential problems with the use of part-time work. While part-time work may serve as a way to achieve work-life balance for many workers, particularly women starting a family (Ágocs 2012), the abuse of part-time work may make workers more vulnerable. Part-time work may become synonymous with half-time work, so even if workers would like to work the maximum legal number of part-time hours, there is little opportunity to do so (Seifert 2012). For example, 18 per cent of Slovenian part-time workers are considered to be underemployed, i.e. they wished to work more hours and were unable to do so (Eurostat 2011a). This accounts for 1.9 per cent of the labour force (Eurostat 2011b). In Slovenia, a representative of the ZSSS union confederation described how teachers or researchers may be employed with part-time contracts, but actually complete undeclared full-time work (Lukic 2012).

Fixed-term contracts
In both Hungary and Slovenia, the use of fixed-term contracts, i.e. a work contract of limited duration, has become more widespread over the last decade. Employees with fixed-term contracts made up 8.9 per cent of the total workforce in Hungary in 2011, and 18.2 per cent in Slovenia – the EU-27 average is 14.1 per cent (Eurostat 2012). The incidence of fixed-term work contracts, like other forms of precarious work, has a gendered nature: in Slovenia 19.3 per cent of the female workforce had a temporary contract in 2010, while 15.4 per cent of working men did.

Chart 5: Employees with a limited duration contract in Hungary and Slovenia, 2000-2011

In Hungary, there are no restrictions on the first-time use of fixed contracts, and the labour code does not stipulate a limit on the number of successive fixed-term contracts. However, a fixed-term contract can be deemed indefinite if “the contract is repeatedly established or extended without the employer having a legitimate reason to do so and this violates the employee’s legitimate interests” (OECD 2008a). The maximum duration of successive fixed term contracts is five years. In 2009, the Hungarian national trade union confederations successfully lobbied for a Labour Code amendment to guarantee that employees with fixed-term work contracts receive the same wages and salaries as employees with permanent work contracts. Those workers may also be entitled to other social benefits stipulated in the collective agreement (‘Reports of Affiliates to the 32nd IMF World Congress’ 2009).

The use of fixed-term contracts in Slovenia is more regulated. Fixed-term contracts may only be used in cases stipulated by the Employment Relationship Act, a firm-level collective agreement or a sector-level agreement. There is no limit to the number of successive fixed-term contracts; however, the maximum total duration for contracts must not exceed two years (OECD 2008b). Nonetheless, according to the ZSSS union confederation representative, employers are able to prolong fixed-term contracts successively by shifting workers administratively among positions (Lukic 2012).
Temporary agency work
The proliferation of temporary agency work is noted in both Hungary and Slovenia. In 2007, Hungary had nearly 100,000 temporary agency workers – nearly double the number of those workers in 2004 (Neumann 2008). Temporary work agencies (TWA) are generally allowed for all types of work, but it is illegal to hire TWA employees during a strike. There is no maximum number of renewals of TWA contracts, nor is there a maximum cumulative duration, although the Labour Code stipulates that prolonged TWA contracts that “derogate the justified interests of the employee” without any justified interest of the employer are considered indefinite term. TWA must be treated equally from the first day of employment, excluding wages; wages must be equal after a six-month period (OECD 2008a).

The use of TWA contracts is also growing in importance in Slovenia. While temporary agency workers comprise a small part of the total workforce, their numbers have similarly doubled in recent years from 2,445 workers in 2004 to 4,874 workers in 2007 (Lazar 2008). Like in Hungary, TWA are generally allowed for any type of work, except to break a strike. However, the labour code goes further to stipulate that TWA is not allowed when employer has laid off large numbers of workers in the previous 12 months, or where determined through sector-level collective agreement (only if such agreements ensure greater security of worker safety and health). The number of TWA contracts is not restricted, but their cumulative duration must not be longer than one year. Equal treatment is determined by provisions of the Employment Relationships Act, collective agreements and other binding acts (OECD 2008b).

The growth of TWA is seen by Hungarian trade unions to be very problematic, as the use of such contracts is perceived to serve as replacement of standard-type jobs. Instead of as a temporary stop-gap measure to increase personnel temporarily, TWA are used as long-term cost cutting measures or as replacements for regular workers (Tarsoly 2012). Although agency fees may make TWA costly, the employer avoids the administrative costs of advertising and recruiting employees and conducting interviews. Union representatives also noted the indefinite use of TWA employees, citing cases in which TWA employees worked for years with one employer. Unfortunately, TWA work may be the only option for young people entering the workforce, or for the long-term unemployed. The lack of choice regarding this type of precarious work amounts to “forced labour,” according to one union expert (Agocs 2012).

Self-employment
Self-employment rates have decreased in Hungary since 2000, representing 12 per cent of the workforce in 2010. The Slovenian rate has increased to 17.3 per cent.

The problem of “bogus self-employment” occurs in both countries, allowing employers to avoid paying high taxes and contributions. Since 2006, a crackdown on bogus contracts in Hungary led to the conversion of many of these bogus contracts to legal employment contracts (Horvath 2009). However, bogus self-employment still occurs particularly in the area of IT programming in Hungary and the media sector in Slovenia.

In Hungary, trade unions do not specifically address the problems of the self-employed. In Slovenia, the ZSSS throughout 2011 criticized the increase in subsidies for self-employment introduced by the Ministry of Labour. Such legislation, they say, not only promotes precarious work in general, but also opens up new opportunities for bogus self-employment, as shown by several cases of abuse reported by workers. The unions argue that while self-employment may be a viable option for many workers, the approach must be balanced with some form of training program that provides them with general knowledge of their rights and obligations (Skledar 2012).

Casual and seasonal work
In Hungary, casual work is regulated through use of the Booklet for Casual Workers. Initially the booklet was envisaged as a way to turn private households into lawful employers following the German “mini-jobs” model. However, its use became common in agriculture, construction and other industries that employ casual/seasonal workers.

A casual worker applies for the booklet free of charge and can take jobs for a maximum of 120 days per year. The employer must pay taxes and social insurance contribution by way of a legal stamp, regulated
depending on the day’s wages. In 2007, 372,000 booklets were in use. Employment offices report that the misuse of this form of work has in effect replaced regular employment due to its lower wage levies. In some cases, employers terminate a regular employment contract through mutual consent, but then the employee registers for the casual booklet, allowing the employer to rehire the employee with preferential terms. Presumably, these employers may pay wages above the booklet requirements through undeclared, “under the counter” wages (Neumann 2010).

In Hungary, unions have not yet addressed the misuse of casual employment.

Undeclared work
A highly widespread type of precarious work in Hungary is the phenomenon of undeclared work. In this situation, employers officially pay an employee minimum wage – but they also pay an “undeclared” amount above minimum wage “under the table.” In addition to the state’s loss of tax revenue, the risk of precariousness for these undeclared workers increases as their social security benefits decrease. In Hungary, incidence of undeclared payments is noted particularly in the construction industry, but also among highly skilled and white-collar employees (Tóth and Neumann 2009). Social partners and the government have sought to address this problem within the construction industry by introducing wage tariffs. But the reality, according to one specialist, is that there is a lack of political will to take stronger measures to crackdown on undeclared work (Tóth and Neumann 2009).

Slovenia has also sought to reduce undeclared work through increased inspections in recent years and legislative measures aiming to turn undeclared employment into regular employment (Mrčela 2009). The role of social partners in this effort appears to be limited.

2.3 Evaluating Precarious Employment in Hungary and Slovenia
In general, the prevalence of precarious work in Hungary and Slovenia is increasing. The legislative framework in both countries has facilitated increasing levels of precarious work, following trends throughout Europe to deregulate regular employment types and improve flexibility with the aim of reducing structural unemployment. In Slovenia, the relatively high level of protection for regular work has contributed to demand for non-standard types of work. In Hungary, legislative changes in recent years have given employers more freedom in utilizing precarious forms of employment. In both countries, there is the perception among union leaders and experts that the spread of these types of employments is replacing jobs that, in the past, would have been standard.

The next section examines the strategies unions use to address precarious employment.
3. Trade Union Response to Precarious Employment in Hungary and Slovenia

Slovenia and Hungary, similar to other transition countries, have experienced declining union membership in the last decade. In Slovenia, trade union density declined from 37.5 per cent in 2003 to 26 per cent in 2009 (OECD 2011h). This trend of decreasing membership has occurred despite the economic boom in the Slovenian economy (Stanojevic 2012). In 2008, Hungarian trade union density was 16.8 per cent – a decline of about 5 percentage points since 2000 (OECD 2011h). The numbers are in stark comparison from 1990, prior to Hungary’s economic and political transition, when 3.9 million employees – about 83 per cent of the workforce – reported paying trade union fees (Neumann 2009). Several confederations represent unions at the national level, represented in the accompanying table. Slovenia’s collective bargaining system covers most of the employees, on a voluntary basis. Collective bargaining coverage in Hungary was 25.5 per cent in 2004 (Neumann 2009).

### Table 1: Main trade union organizations in Slovenia and Hungary

<table>
<thead>
<tr>
<th>Main Slovenian trade union organizations</th>
<th>Estimated membership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Association of Free Trade Unions (ZSSS)</td>
<td>300 000</td>
</tr>
<tr>
<td>Confederation of public-sector trade unions (KSJS)</td>
<td>80 000</td>
</tr>
<tr>
<td>Konfederacia 90</td>
<td>40 000</td>
</tr>
<tr>
<td>Confederation of New Trade Unions (KNSS)</td>
<td>35 000 - 40 000</td>
</tr>
<tr>
<td>Pergam Confederation</td>
<td></td>
</tr>
<tr>
<td>Alternativa</td>
<td></td>
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<tr>
<td>Union of Workers of Slovenia</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Main Hungarian trade union organizations</th>
<th>Estimated membership</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Association of Hungarian Trade Unions, (MSZOSZ)</td>
<td>205 000</td>
</tr>
<tr>
<td>Democratic League of Independent Trade Unions, (LIGA)</td>
<td>100 644</td>
</tr>
<tr>
<td>National Federation of Workers’ Councils, (MOSZ)</td>
<td>50 000</td>
</tr>
<tr>
<td>Trade Unions’ Cooperation Forum, (SZEF)</td>
<td>225 000</td>
</tr>
<tr>
<td>Confederation of Unions of Professionals, (ÉSZT)</td>
<td>85 000</td>
</tr>
<tr>
<td>Alliance of Autonomous Trade Unions, (ASZSZ)</td>
<td>120 000</td>
</tr>
</tbody>
</table>

Source: (Neumann 2009, ‘Slovenia: Industrial relations profile’ 2007)

A second trend affecting trade unions is a changing regulatory framework that restricts the bargaining ability of unions. As a rule, Hungary’s social partners are consulted in the tripartite National Interest Reconciliation Council (Országos Érdekegyzetető Tanács, OÉT) on any bill that affects the “world of work” (Neumann 2009). However, a ruling from the Hungarian constitutional court in 2008 declared the OÉT’s functions of setting the national minimum wage as public power functions that must not be exercised by bodies without appropriate legitimacy, effectively limiting the bargaining of the unions in the tripartite OÉT to proposals only. Additionally, the government in 2012 replaced the OÉT with a new entity, the National Economic and Social Council (NGTT), comprised of representatives of employers, workers, chambers of commerce and churches, but it can only propose changes and draft proposals for the government (Komiljovics 2011). Furthering reflecting the changing role of social dialogue is the distance between the current government and the social partners; the government only convened the OÉT twice in one year, and made several decisions and resolutions without consulting the social partners.

Collective bargaining in Hungary also occurs within the framework of multi-employer collective agreements in both the private and public sectors. Companies belonging to the same group might
conclude multi-employer agreements. However, most private and public sector agreements occur at the company or institution level (Neumann 2009).

Chart 6: Trade union density in selected OECD countries (in %), 2000-2010

In Slovenia, collective bargaining is managed by a large range of trade unions and employer associations. However, the trade unions have lost a third of their members during recent years; 44 per cent of employees were trade union members in 2007, compared to 63.5 per cent in 1994 ('Slovenia: Industrial relations profile' 2007). There are seven trade union confederations in Slovenia, and the largest one is the Association of Free Trade Unions (ZSSS). In addition, there are five employer organizations in Slovenia. Following the 2006 legislative changes, membership in the chambers of commerce was no longer mandatory for private companies, which has decreased their density rate to 80-90 per cent, with expected further decline.

The context of trade unions in Hungary and Slovenia informs our analysis of trade union responses to precarious employment. Using Heery and Abbott’s (2000) approach to trade unions and precarious employment and utilized in a coordinated framework on union strategies and instruments across six countries, we consider the trade union strategies on precarious work in the following dimensions:

- **Inclusion**: union strategy to include/integrate precarious employees into their constituency and serve as broad interest representation organizations without making specific differences between precarious and regular workers.
- **Exclusion**: union strategy to serve as interest representation organizations for insiders (regular employees) only and exclude precarious workers from their constituency and from union interests.
- **Separation**: union strategy to separate precarious workers from the rest of their constituency and treating precarious workers as a particular group that requires special attention, aims and instruments in interest representation.
- **Reduction**: union strategy that aims to bridge the divide between precarious and regular employees by reducing precariousness. Unions strive to influence/implement changes in

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1The Chamber of Commerce and Industry of Slovenia (GZS), Chamber of Craft and Small Businesses Slovenia (OZS), Association of Employers Slovenia (ZDS), Slovenian Chamber of Commerce (TZS), and Association for Employers for Craft Activities of Slovenia (ZDODS).
employment conditions of precarious employees in order to bring these closer and comparable to employment conditions of regular employees.

- elimination: trade union strategy aiming at eliminating all forms of precarious work in the economy (Kahancová and Martišková 2011).

### Table 2: Strategies utilized by trade unions (Heery and Abbott 2000)

<table>
<thead>
<tr>
<th>Strategic instruments</th>
<th>Dimensions of union strategies regarding precarious employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bargaining and collective agreements</td>
<td>Inclusion</td>
</tr>
<tr>
<td>Organizing precarious workers in trade unions</td>
<td>X</td>
</tr>
<tr>
<td>Service-oriented instruments</td>
<td>X</td>
</tr>
<tr>
<td>Political instruments</td>
<td>X</td>
</tr>
<tr>
<td>Litigation</td>
<td>X</td>
</tr>
<tr>
<td>Mobilization</td>
<td></td>
</tr>
<tr>
<td>Media-oriented instruments</td>
<td>X</td>
</tr>
<tr>
<td>Identity politics</td>
<td>X</td>
</tr>
<tr>
<td>Building and disseminating benchmarks on employment standards</td>
<td>X</td>
</tr>
</tbody>
</table>

Source: Heery and Abbott (2000)

Trade unions may utilize several instruments in order to accomplish the above goals. The dimensions that each tool touches upon are indicated in the table.

- bargaining and the conclusion of collective agreements – unions aim at achieving their goals through engaging in collective bargaining concerning particular rights of precarious employees.
- organizing precarious workers in trade unions – trade unions develop particular action to increase the number of precarious employee members, and consequently improve their rights.
- service-oriented instruments – trade unions empower precarious workers and equip them with information on their statutory rights and employment situation.
- political instruments – union involvement in the legislative process to improve the rights of precarious workers and employment standards.
- litigation to enforce established employment regulation – unions strive to protect and/or improve the rights of precarious employees through monitoring, reporting and formal litigation.
- mobilization – unions organize mobilization campaigns (e.g., protests and manifestations) and industrial action (e.g., strikes) in order to point attention to the rights of precarious workers regardless of whether they are organized in trade unions.
- media-oriented instruments – in order to influence employment rights of precarious workers and precarious employment in general, unions use the media as an instrument to channel their claims, concerns and opinions and attempt to shape public opinion.
- identity politics to shape the character of precarious workers – unions use a variety of proactive instruments (e.g., information campaigns, media appearance, involvement in discussions and other similar actions) with the aim of influencing the self-recognition of precarious employees and supporting their empowerment.
- building and disseminating benchmarks on employment standards in the society – similar to identity politics, unions engage in information campaigns in decent work, media appearance, involvement in discussions and related actions in order to influence the general perception of standard employment in the society and set benchmarks for what is standard and what is precarious.

This description of the trade union toolbox regarding precarious work, and the aims such tools seek to accomplish, provides an analytical framework through which the authors examined union activities regarding precarious employment in Hungary and Slovenia. The primary empirical evidence collected in
April and May 2012 through personal interviews with labour experts and trade union representatives in both countries sheds insight on several instances in which unions are addressing the issue of precarious employment. The next section describes the authors’ findings.

3.1 Trade union strategies on precarious employment

This section presents Hungarian and Slovenian trade union responses to precarious work. Through interviews with select union representatives and academic experts, we sought to answer the following:

- Do unions recognize the challenge of precarious employment?
- What strategies do they utilize to respond to particular forms of precarious employment?
- What instruments do unions select to achieve their aims?

We also sought to determine the trade union responses to precarious employment since 2008, in the wake of the global financial crisis.

Union engagement in the legislative process – national level

Perhaps due to the relatively low incidence of precarious work in Hungary, the level of trade union activity related to precarious work at the national level is limited in scope. Trade unions appear to be relatively unengaged with most forms of precarious employment, except TWA. While trade unions may be engaged in indirectly benefiting precarious work through their lobbying efforts for worker rights and benefits in general, their direct intervention regarding precarious work is limited to lobbying efforts to regulate the use of TWA.

While recognizing the potential problems in other forms of precarious work, both union representatives expressed their priority concerns for TWA, as it is a form of employment that has the potential to replace standard employment. Part-time employment or telecommuting, on the other hand, are seen as options workers choose in order to have a better work/life balance, for instance. In dealing with TWA issues, the union representatives are working to prevent abuses of TWA workers through regulation – and also protect their core membership from the abuse of these types of workers. In 2006, trade unions successfully lobbied for changes to the labour code to strengthen inspections, guarantee equal pay for TWA and non-TWA workers after six months, and eliminate abuses (Neumann 2005). In 2008, trade union discussion on an EU directive regarding TWA argued for increased restrictions on the use and duration of temporary workers – unions would like to restrict the usage of TWA to only transitory periods in times of peak labour demand, thus restraining the practice of long-term use of agency workers. However, the unions did not have an official position on the directive (Neumann 2008).

In Slovenia, the ZSSS union has been very active on the issue of precarious work as it relates to students, pensioners and the unemployed. The union successfully organized a campaign against the introduction of the so-called mini-jobs legislation. This law on temporary work was passed in November 2010 and was strongly opposed by the unions and youth organizations. While the law limited the number of working hours, the scope of the temporary work was widened from just students to also include pensioners and the unemployed. The unions highlighted that, with the new legislation, temporary work may take over a larger share of the labour market, and at the same time dilute workers’ rights due to inefficiencies of the Slovenian labour inspections. The unions led a campaign and collected the 40,000 signatures needed to trigger a referendum on these new legal provisions. The law ended in a national referendum in April 2011, and was defeated with 80 per cent of votes against the new legislation (Skledar 2011).

Furthermore, throughout 2011, ZSSS has criticized the increase in subsidies for self-employment introduced by the Ministry of Labour. The unions stressed that such legislation not only promotes precarious forms of work in the Slovenian labour market in general, but also opens up new opportunities for bogus self-employment, as mentioned in the previous section of this report. The unions have emphasized that self-employment may be the only option for many workers, but such an approach should be accompanied with a training program, which would provide them with general knowledge of their rights and obligations (Skledar 2012).
3.2 Collective bargaining on precarious employment
The Hungarian union structure is characterized by trade unions that are workplace unions; "being a trade union member is the same as being a member of a workplace union" (Neumann and Tóth 2010). Consequently, only a relatively small part of membership fees go toward funding sectorial and national-level bodies. The metalworkers' union VASAS noted that some company-level agreements have addressed TWA issues.

In Slovenia, there is no collective bargaining regarding the TWA issues (Luzar 2008). While TWA workers could become members of any trade union, they are not using those rights. As highlighted during the interview with the ZSSS representative, in general, "a precarious worker is a frightened worker": they tend to be very reluctant in either reporting the breaches of labour legislation or asking for better labour rights, so are therefore sceptical of how the unions could help them and do not see the advantages of collective bargaining.

3.3 Other forms of addressing precarious employment
Interviews with union representatives revealed that unions perceive substantial difficulties in organizing precarious workers in unions. In the Hungarian case, the problem of organizing TWA workers has to do with the atypical structure of the employee-employer relationship (as a TWA is paid through an agency, not the employer), and the lack of desire among TWA workers to participate in a union, given the temporary nature of their time at one employer. However, VASAS union has had success in reaching out to and educating TWA workers, which could be considered identity politics.

Additionally, VASAS has employed mobilization efforts and media-oriented instruments to address TWA issues. VASAS organized thousands of workers and demonstrated in 12 Hungarian cities on World’s Day for Decent Work, on October 7, 2009, using a “freeze mob” campaign in which union activists “froze” for 1-2 minutes in city squares while others distributed leaflets on the topic of precarious work, gaining extensive media coverage (Gardner 2009). The underlying message: precarious work is everyone’s business (WDDW in Hungary - Flash mob actions everywhere’ 2009). VASAS’ leadership had the support of other sectorial unions and the MSZOSZ confederation.

Similarly in Slovenia, precarious workers are typically not organized in unions, as the majority of precarious workers have just joined the labour market; they have never been unionized and are not aware of potential benefits of collective bargaining. Therefore, the ZSSS confederation is attempting to approach the large share of precarious workers by addressing the issues of the younger population. More specifically, a new trade union for young workers has been founded. Its communication campaigns are based on social media, approaching the young population with potentially interesting topics for this cohort – e.g. privacy in the workplace or work-life balance. While these actions are in general targeted to increase the interest and union membership of these workers, this could also be considered as a first step to a more coordinated action for tackling the precarious work issues of the young population. Slovenian ZSSS is also offering specific services to the precarious workers – ZSSS has a designated person who can be contacted to address the issues of precarious employment (Carls 2011).

The next section evaluates these various responses to precarious work and their effectiveness, and recommends strategies trade unions may employ to more successfully address the issue of precarious work.
4. Evaluation of Trade Union Responses and Recommendations

Evidence from interviews suggests that unions in both Hungary and Slovenia share a critical view of precarious employment and the risks to both precarious workers and to core union membership that the use of this type of work poses. However, the extent of trade union engagement on the issue varies significantly between the two countries, with Slovenia’s main union confederation taking on the issue of precarious work at the national level, while in Hungary the issue is tackled in the context of temporary work agencies (TWA) at the sectorial level.

In Hungary, most of trade union engagement on precarious work focuses on TWA, as unions see this work as the most threatening of all precarious work forms to standard employment. At the sectorial and company level, unions are engaging in activities to recruit members, advocate on behalf of TWA workers, bargain with employers, and raise awareness both among workers and the general public about the issue. VASAS is one example of a trade union that has successfully engaged the issue of precarious work through strategies aimed at the inclusion, separation and reduction of precarious work within their agenda at the sectorial level. VASAS offers service-oriented instruments such as legal advice on an ad hoc basis to TWA workers, even those who are not union members. VASAS has conducted collective agreements with an eye toward the TWA issue. It has mobilized its membership and recruited new members among TWA workers, and utilized the media to disseminate its message. VASAS is also involved in shaping perceptions of precarious workers through identity building initiatives to empower precarious workers, and engaged in discussion about precarious work to shape employment benchmarks.

Similarly, the strategy of the Slovenian ZSSS seems to be reduction/inclusion, as the priorities of the union are to narrow the gap between the labour rights of labour segments (Lukic 2012). While temporary employment (including both temporary agency work and fixed-time work) as a share of total employment has decreased in the 2007-2010 period, Slovenia is nonetheless characterized by an already high share of temporary employment. On the other hand, part-time employment has been increasing, which could be attributed to the recent financial crisis. Nonetheless, it stays below the European average. The issue is particularly relevant for the young population, which is predominantly employed in part-time arrangements. In the period 2007-2010, the share of youth employment has increased by 135 per cent (Carls 2011: 49), which is mostly driven by the strong growth of student jobs. Studies report that prolonging tertiary education can also be interpreted as a response to the crisis (Carls 2011).

These developments therefore drive the union activities in Slovenia – meaning that unlike in Hungary, precarious work is high on unions’ agendas at the national level. The Slovenian unions have focused on two main categories of precarious employment: precarious youth work, and specific categories of precarious employment, such as part-time and self-employment. The position of the ZSSS union regarding precarious work is clear: workers’ rights such as severance payments or notice periods should be standardized, regardless of the duration of employment. As previously discussed, the Slovenian labour market can be perceived as two-tiered; (i) workers with full and strict employment protection; and (ii) precarious workers, which have no protection at all. Therefore, the union strives to harmonize these two sections and ensure the same labour rights for all workers. To achieve this goal with respect to precarious work, the union has designated a contact person within the union to specifically address precarious issues. Additionally, the founding of a separate union for young workers, who are disproportionately precarious workers, is one successful tool the union has utilized to achieve this goal.

At the national level in Hungary, unions also have a general strategy of lobbying for the restriction and reduction of precarious employment. But the tools to accomplish this are limited to political instruments to influence the outcome of legislation, and to some extent building employment standard benchmarks indirectly through discussion of legislative changes that affect all employees. In the period of the global crisis, changes to the labour code initiated by the current government threatened to reduce the level of social protection given to workers of all types, prompting protests by the major unions (Altintzis 2009). However, despite concern about the increase in precarious work, the main driver of union activity remains core membership. Simply put, “there is no strategy” regarding precarious work at the national level, according to one representative from the Hungarian national confederation Democratic League of Independent Trade Unions (LIGA) (Szilágyi 2012).
In both countries, the legislative climate combined with an overall trend of declining membership numbers have meant that now, more than ever, unions are focused on survival (Neumann 2012), but Hungary and Slovenia show different responses to this reality in the context of precarious work. At the national level, Slovenia’s ZSSS has prioritized the precarious work issue and utilized a strategy of inclusion and reduction of precarious work through its lobbying activities and the foundation of a union for youth. In Hungary, the experience of VASAS at the sectorial level offers one way Hungarian unions might address precarious work more broadly.

The varying success of Hungary and Slovenia in addressing precarious work issues at different levels is partly a result of the different incidences of precarious work: given the larger share of precarious work experienced in Slovenia, unions there may simply be more apt to create strategies and devote resources to engage with the topic. Nonetheless, it is interesting to note that the most successful strategies in both countries are those that emphasize the inclusion of precarious workers into union constituencies and the recognition of precarious issues as separate and distinct from those of traditional union members.

In both Hungary and Slovenia, strategies of inclusion and separation include the organization of precarious workers in trade unions (as seen in Slovenian’s youth-oriented trade union and VASAS’ efforts to organize precarious workers within its ranks), the creation service-oriented instruments specific to precarious workers, and mobilization efforts and media-oriented instruments, such as VASAS’ “freeze mobs” campaign in 2009 to increase awareness of the issue of precarious work. In Hungary, however, VASAS is the exception to the rule: it is one of the few unions to have attempted to organize non-union members in recent years. But the experience of VASAS in Hungary and ZSSS in Slovenia suggest that there is ample opportunity for unions to organize precarious workers, increase their membership base, and build support for trade unions among precarious employees.

Despite examples of unions’ ability to develop union membership among precarious workers in both countries, Slovenia and Hungary display contrasting levels of success in political actions that address precarious employment. Political action and engagement in the legislative process is an important tool in unions’ ability to attempt to reduce or regulate precarious employment. In Hungary, the political opportunity for unions to effect legislative change is limited by the ability of trade unions to work in partnership with like-minded governments, and in recent years, the manoeuvring space for social partners has undergone significant changes that inhibit their bargaining power. This dependency on political support has left Hungary’s social partners with little success in using these instruments to change legislation and reduce the incidence of precarious employment.

However, the success of Slovenia in rolling back legislation that incentivized precarious work demonstrates that the political opportunity of unions may be large enough to create the level of public support needed to make legislative change. The effectiveness of political action in Slovenia may be a result of ZSSS’ prioritization of precarious work on its agenda, and its ability to address issues of precarious work in a targeted way. The formation of a youth-focused union and an information campaign aimed at raising awareness of the negative consequences of precarious work helped generate the momentum needed to reject the legislation in a public referendum. Building public awareness of precarious work and support for the reduction of these employment forms, then, can be a powerful tool to accompany a union’s political action strategies.

Interestingly, when unions in Hungary and Slovenia are successful in dealing with the topic of precarious employment, their strategies reflect innovation—such as Slovenia’s youth organization that relies on social media for communication and addresses topics specific to the youth cohort, or VASAS’ non-traditional media campaign that included “freeze mobs” to attract public and media attention to the precarious issue. These examples can be valuable lessons to other unions in CEE countries; unions should seek out new and non-traditional ways to reach out to precarious workers, instead of relying on the traditional methods used to engage unionized workers.

These experiences suggest that trade unions at all levels should pursue strategies of inclusion and separation, including the organization of precarious workers and the development of tools that address precarious work specifically. Such strategies will more successfully address issues facing precarious
workers and support political action to reduce or regulate precarious work. These strategies can be effective at both the sectorial or company level, as demonstrated in the experience of VASAS, as well as the national or confederation level, as in the experience of ZSSS. While political action is one strategic tool unions may use, the effectiveness of this tool varies on the political opportunity structure and the dependency of the union on political partners to affect legislation. The ability of ZSSS to create public support for legislative change, however, demonstrates that unions can build the capacity to regulate or reduce precarious work. It is recommended, then, that a focus on the legislative process be balanced with union efforts to organize precarious workers, increase their membership base and build support for unions among precarious employees. This is particularly important given the long-term trend of increasing precarious employment in both Slovenia and Hungary.
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