

# Effects of Institutional and Organizational Factors on the Changing Contours of Industrial Relations in Central and Eastern Europe\*

Nemanja Berber, Michael J. Morley, József Poór, Agneš Slavić, Dimitrije Gašić\*\*

## Abstract

Since the early 1990s, the industrial relations systems in the transition economies of Central and Eastern Europe have been undergoing complex transformation processes. As the business environment has radically altered from a centrally planned system to an open competitive one, trade unions in the region have struggled to carve out a role in the new order. We draw upon organizational survey level evidence gathered from 1604 HR managers to examine trade union recognition, trade union coverage, as well as the perceived ongoing influence of the trade union movement in Croatia, Estonia, Hungary, Latvia, Lithuania, Romania, Serbia, Slovakia, and Slovenia. Our analysis points to the legitimacy challenges faced by the labour union movement in the dramatically altered political and economic situation that emerged in the region as a result of the attenuation of socialism and the advent of a new market order. It also lends further support to the growing body of evidence on the lack of preparedness of the union movement for the new dispensation that emerged following the collapse of communism in the region.

**Keywords:** industrial relations, trade unions, union density, organizational-level analysis, Central and Eastern Europe, Cranet

**JEL Codes:** J51, J53, M54

## Introduction

Since the fall of the Berlin wall and the commencement of the transition process, industrial relations in Central and Eastern Europe (CEE) has been the subject of ongoing investigation, analysis, and commentary (Thirkell/Petkov/Vickerstaff 1998; Alas 2004; Aguilera/Dabu 2005; Meardi 2007; Williams/Kedir/Nadin/Vorley 2013; Schnabel 2013; Mrozowski 2014; Upchurch/Crouch-

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er/Danilovich/Morrison 2015; Andrijasevic/Sacchetto 2016). The underlying rational for much of the scholarship lies in the dramatically altered institutional and social environment in the region following the collapse of communism and its consequences for key institutional stakeholders including governments, employers, and trade unions. Successive waves of change since the 1990s have witnessed the transition to capitalism, the privatization of state-owned and socially owned enterprises (Načinović-Braje/Galetić 2019), enormous job losses, and the subsequent rise of foreign direct investment (FDI) and multinational corporations (MNCs) as key players on the landscape of business in CEE (Kohl, 2008).

Prior to the transition process in the CEE region trade unions (TUs) played a rather prescribed role at national, sectoral, and organizational levels, typically performing roles related to the distribution of welfare benefits, the overseeing of employee holidays, and housing entitlements, along with the organizing of social events and ensuring the provision of catering services (Kazlauskaitė/Buciuniene 2010; Alas 2004). In these, and allied roles, TUs of the former socialist countries were very closely supervised by the ruling party. It is becoming apparent that since the commencement of the transition process the conventional roles of the union movement have been significantly eroded and their membership radically reduced. The average level of union density in CEE countries which currently stands at 20 %, is now below the EU average (Dimitrova 2005; Kohl 2008; Karoliny/Poor 2013; Scheuer 2011; Morley/Poór/Heraty/Alas/Pocztowski 2016; Wailes/Wright/Bamber/Lansbury 2016).

As a result of a broader trend of globalization and the global financial crisis, coupled with several other structural factors, there is of course a decline in union membership in advanced economies more generally (Crouch 2017; Contrepolis/Jefferys 2010), but the particular circumstances of the CEE region have led the union movement struggling to find a functional equilibrium legitimating their involvement in organizations in the new market order. Two particular trends in union transformation have been observed. Unions that were newly formed early in the transition process adopted a strongly anti-communist platform, while older long-established unions remained skeptical of the transitions that were being undertaken (Ashwin 1994). Several exhibited an inability to overcome “the post-socialist legacy as passive organizations” (Mrozowski 2014) and many failed to attract new members to the new capitalist reality (Ost 2002). Their strategy and repertoire of tools failed in facing the new challenges posed by the transition process (Bernaciak/Kahancová 2017). Unlike in the past, where their counterparts were relatively weak administrators, today TUs across the CEE region face professionally trained managers (Martin 2006).

Labour markets in the countries of the former Eastern European bloc have changed significantly over the past few decades along with workers' attitudes

towards their employers. The nature and role of the HR function have also expanded to encompass new activities such as employer branding (Héder/Szabó/Dajnoki 2018). The growing digital labour market has resulted in new types of employees, more freelancers, and new more idiosyncratic employment relationships beyond the traditional employer-employee relationship (Szabó-Bálint 2019). Prior to the COVID-19 crisis, one of the key issues in many CEE countries was the dramatic increase in labour shortages, which has been influenced by a variety of factors, including significant outbound labour migration after the commencement of the transition process, unfavourable demographic factors, a significant economic downturn, as well as wage differences within the EU (Artner 2018; Brixiova/Li/Yousef 2009; McGrath 2019).

In the countries of the region, the trade union movement follows several directions for a number of reasons, which can be explained by the following. Particularly, among other things, historical traditions can be mentioned. Within the framework of the socialist system, different control schemes existed, like the over-centralized Soviet model, the decentralized Yugoslav path, or the Hungarian mixed system. Among these systems, trade unions operated with varying degrees of autonomy and freedom. So far, a less researched issue is the difference in workers' attitudes towards collective organizations due to the diverse traditions and dimensions of the national culture. As a result of specific structural and cultural factors and traditions of the CEE region (Greskovits 1998), no serious trade union actions have occurred yet. Nor should it be forgotten that TUs have changed a lot in recent years.

Today's trade union shop stewards are different. They can now better represent the issues that arise (e.g., "the issue of minimum wages, inequalities, and new types of working time issues") than in the past (Magda 2017: 9). In this context, another author sees that labor law reforms are not a boosted job creation as expected (Mihes 2020: 27). Job shortages due to export-driven economic policies or emigration in the CEE region have created far more jobs than changes in labor law. Moreover, these labor regulations have rather weakened the power of collective agreements. For example, it can be stated that several Volkswagen car plants in Easter Europe (Bratislava-Slovakia, Győr-Hungary, Mlada-Boleslaw-Czech Republic) had gone through union-coordinated layoffs, which resulted in significant wage increases in these companies (Drahokoupil/Guga/Martišková/Pícl/Pogátsa 2019). However, it should also be seen that in recent years the average wage level (nominal and real) (European 2019) in all sectors has risen significantly in these countries, too (Aumayr-Pintar/Rasche/Vacas 2019) due to labour and talent shortages, decreasing unemployment rate, and inflation, too.

This paper seeks to contribute to the evolving body of evidence on how the union movement has fared in the new political and economic situation which

took place after the collapse of communism in CEE through an examination of some aspects of the contemporary reality of industrial relations in the region. Following a review of extant literature exploring features of the industrial relations environment before and during the transition period, we set down the key developments and call attention to their consequences for the industrial relations in the CEE region. Then drawing upon a large scale organizational level dataset involving survey responses from some 1604 HR managers from the post-socialist countries of the CEE, i.e. Croatia, Estonia, Hungary, Latvia, Lithuania, Romania, Serbia, Slovakia, and Slovenia, we examine several features of the contemporary industrial relations environment at organizational and national level in these countries. Specifically, we explore trade union recognition and coverage, along with the extent to which TUs are perceived as remaining important in the contemporary business landscape. Our analysis is designed to establish the contours of industrial relations in these post-socialist countries of CEE to further our understanding of the changes that have occurred in the role and status of trade unions in the region and their prospects for the future.

## Theoretical background

### *The development path of trade unions in the CEE region*

During the socialist era, the activities regarding industrial relations were under the control of the state, and the trade union movement in respective countries played an important role in achieving the goals of the Communist parties (Carell/Elbert/Hatfield 1995) and the state's performance targets expressed in one-year and five-year plans for national, sectorial and company achievements (Alas 2004). TU were primarily an instrument for controlling the labour force (Clarke/Pringle 2009). Furthermore, there were many cases where trade union officials even played key roles in the ruling communist parties, and "unions were part of enterprise management" (Croucher/Rizov 2012:630). According to Clarke and Pringle (2009: 85) the primary functions of the trade unions were to: "maintain labour discipline, encourage the production drive and administer a large part of the state housing, social and welfare apparatus, the benefits of which were delivered through the workplace as the means of stimulating labour motivation". TUs also performed a welfare role, representing workers' interests in issues related to company management, such as problems with wages, social and/or pension insurance, unfairly punishment of workers, unreasonable termination of working contracts, etc.

Looking at it now from the vantage point of history, it is apparent that the practices that operated in the former Socialist countries including quasi 100 % unionization levels have altered dramatically because of the collapse of communism and the emergence of a capitalist trajectory in the region (Budvar 2003; Stoop/Stamboliev 2006: 28). Before the commencement of the transition

process, workers in the region enjoyed certain protections (Obinger/Schmitt 2011). Lay-offs and dismissals were very difficult and full-time employment was a norm (Contrepois/Jefferys 2010). With radical external changes in the 1990s, especially at the national level in each CEE country, the system of industrial relations changed, resulting in different effects in different CEE countries. With the significant reduction in union density in Eastern Europe, as in most developed Western countries, the decision-making on the agreement between the employee and the employer has been transferred to the individual company (Bernaciak 2014: 2). Among the key changes which took place and which have been confirmed by subsequent empirical investigations were the waves of privatization and waves of FDI inflow processes resulting in the emergence of MNCs as significant players in the region (Neumann 1997). Other important characteristics of that period were: the weakened power of the trade union movement; the atrophy which was rooted in a loss of respect for TU by the population; and the often highly centralised structure arising from their communist heritage but one unsuitable for the new landscape, along with a parallel rise in a new managerial authority at the firm level (Aguilera/Dabu 2005; Dimitrova/Petkov 2005; Milkovich/Boudreau 1997).

Since the commencement of the transition process, multinational companies have introduced new HR methods (e.g. systematic selection process, job evaluation, performance appraisal, new bonus system, etc.) to their subsidiaries in the CEE region, which have pulled the rug out from the unions and significantly weakened the role of TU (Lewis 2006; Poór/Slavić/Katalin/Berber/Kerekes/Karoliny 2020). Kahancová (2015) points out that two different bargaining structures have emerged in the CEE countries in recent years. One is the centralized model (Czech Republic, Croatia, Hungary, Poland, Slovakia, Slovenia), while a decentralized model has emerged in the Baltic countries and Bulgaria and Romania. The author also points out that the mobilization capacity of TU is weak in all but three of these countries (Bulgaria, Romania, and Slovenia).

Kohl (2008:1) believes that “the pressure to adapt and innovate as a result of the transformation after 1989/90 and EU accession in 2004/2007 was enormous and of a historically unprecedented scale”. EU accession was a particular challenge for the highly fragmented Eastern-European trade unions of the new member states. These TUs were not very strong nor at the national level, so their power at the EU level was low (Larsen, 2015). Trade union representatives lacked experience in modern industrial relations. Besides, the position of TUs was hampered by the fact that the employee relations were driven by the company management (Aguilera/Dabu 2005) and significant unemployment (described by an unemployment rate between 15 and 20 percent) emerged as a result of a decline in labour intensive activity, new market demand and inadequate job skills along with the unpreparedness and rigidity of the transition countries’ labour market (Arandarenko 2004). In some CEE countries, the majority of

workers and employees wanted to escape from the constraints of union membership and the obligation the payment of union membership fees. Therefore, the level of the unionization started to decline in many industries, except for the heavy industries and the public sector. Korkut et al. (2017:65) argue that the inability of TUs to provide a strong voice for alternative policies to the current neoliberal orthodoxy has been driven by a declining membership base, but also by weakened social dialogue mechanisms, limited industrial representation, and an aging membership profile, followed by growing migration trends in recent years. Fundamental labor rights are well regulated in these countries, as they have little experience with the protection of workers' rights in the TUs here, so "employees are weakly organized, they are often difficult to enforce" (Myant 2020: 8). However, it should also be noted that some authors (Magda et al. 2016) on the one hand stress that TUs in these countries have been significantly weakened and fragmented, but on the other hand believe that EU membership has improved the role of trade unions in the bargaining process. Many workers in Poland, the Czech Republic, and Hungary have abandoned unions and jumped into non-unionized enterprises.

In certain periods, limited solidarity can be observed between trade unions and workers' movements in CEE countries. In this regard, it is worth highlighting the Volkswagen plants operating in Eastern European countries. However, it should not be forgotten that in connection with the strengthening of Central and Eastern European illiberalism, the low level of solidarity with their Western and Eastern counterparts hampered and continues to hamper the cause of progressive left-wing actors. Perhaps even more significant than this is the lack of "East-East" solidarity among trade union activists (Glassner, 2013; Czarzasty et al., 2020).

In general, it can be said that before the outbreak of the coronavirus crisis, trade union actions were most common in the public sector. Strikes and lockouts are rare in the private sector because unions density is very low, the mobility of employees is weak. However, the risk of job loss is not typical due to the labor shortage (Funk/Hagen, 2004; Welz, 2018).

In the meantime, against the backdrop of external influences including the European Union, the International Monetary Fund, the World Bank, and the International Labour Organization, the evolution of national labour market institutions in CEE states began, initially somewhat passively (for instance via employment protection, anew Labour Code, Unemployment Laws, etc.) and later more actively (e.g. through the emergence of different forms of atypical employment including teleworking and part-time employment).

Recent data from the International Labor Organization (based on the data from ILO in 2017) shows that the proportion of unionized workers worldwide is only 17 %. This figure is 34 % in Europe and 22.4 % in Eastern Europe (Viss-er, 2019:14). Today, the nine countries analysed in this paper, use a form of



tripartism (employer, employee, and government) in collective bargaining. The main differences between the Western European IRs and the tripartite social partnership structures of the Central and Eastern European IRs are: “multi-level bargaining, involvement of a broader range of social groups, and emphasis on political negotiations rather than on economic and social issues” (Psychogios/Brewster/Missopoulos/Kohont/Vatchkova/Slavić 2014). In this bargaining process it is important to investigate the real effects and the role of TUs.

*The institutional and organizational level factors and their influence on industrial relations in the CEE region*

Various organizational factors can determine the relative influence of TU in organizations. The issues which are important to analyze at the organizational level are the level on which organizational policies on industrial relations are determined (international HQ; national HQ; subsidiary; or site-level) and who has the primary responsibility for decisions on industrial relations (line management or HR department) (Morley/Brewster/Gunnigle/Mayrhofer 1996). In the following the explication of these organizational-level factors is given concerning the CEE region.

Regarding the new forms of organization and functioning of TUs in the CEE region, it is important to mention one more crucial factor, the influence of MNCs on industrial relations, even their role is not evident. Horwitz (2011) points out that MNCs and their local managers in many cases have been overlooked in an analysis of various contextual factors. But the MNCs and their managers have often underestimated the unique characteristics of local labour markets and limited the influence of TU. On the one hand, traditional management literature suggests that trade unions, employee representation structures, and conventions are deeply embedded in national political economies and that their institutions are so powerful that MNCs are forced to adapt to local traditions (e.g. collective bargaining, interaction with works councils) despite corporate preferences to act otherwise for reasons related to perceived competitive advantage (Whitley 2001; Ferner/Almond/Colling 2005; Drahokoupil/Myant/Domonkos 2015; Tarique/Briscoe/Schuler 2016). On the other hand, contemporary research results identify the influence of organizational and structural characteristics of MNCs themselves in impacting management practice in their subsidiaries, and on their industrial relations, too (Gunnigle/Pulignano/Edwards/Belizón/Navrbjerg/Olsen/Susaeta 2015; Rosenzweig/Nohria 1994; Meardi/Strohmer/Traxler 2013). It should be emphasized that in many cases international companies also coordinate collective agreements at the international level (Magda 2017).

Since 1994, the EU has regulated the operation of European Work Councils (EWCs, 2021). With the increasing number of multinational companies appearing in our region, the need to establish an EWCs in our region arose (Johari/

Moraru/ Totoliciu, 2021). According to some opinions, the presence of the EWC had a beneficial effect on the downsizing of individual large multis (Morley/Gunnigle/Collings, 2006; Sapulete /van den Berg, 2015) Seeing the lack of interest in European works councils in Eastern-European region, it can be concluded that some managements think that during the official consultations, the representatives of the subsidiaries would not only receive information about the company's business results and plans, but would also face the fact that in England or even in France, they would be paid six times for the same work. Workers are paid seven times as much as in Eastern European countries, and who doesn't miss the resulting tensions?

The above mentioned reinforces the need to look beyond macro-institutional effects alone and to include micro-organizational and MNC characteristics, as the factors impacting industrial relations within MNCs (Harzing/Pinnington 2015). In this context, Dalton and Bingham (2017: 832) believe that traditions that persisted as institutionalized cultural regularities in post-communism should not be ignored. In relation to the above, Oertel, Thommes, and Walgenbach (2016: 704) believe that “less well-established institution of employee representation and enhanced consultation” can still be observed in CEE countries.

Based on the literature review we categorized the factors influencing industrial relations processes in multinational companies as macro and microeconomic (organizational) factors.

Macroeconomic factors include the MNCs' home country and host country business context as the elements of national institutionalization which have an important role in shaping industrial relations in MNC subsidiaries. The country of origin affects MNCs' attitudes and approaches to unions and collective employee representation (Ferner/Quintanilla 1998). Besides, the business environment of the host country is essential, too. Authors like Whitley (2001) and Gunnigle, Pulignano, Edwards, Belizón, Navrbjerg, Olsen, and Susaeta. (2015) emphasize that even if MNCs have processed and extensively applied “international best practice” concerning human resource management and industrial relations, their adaptation to the local context is crucial. It is necessary to adjust IR processes to local employment policies and practices, to the legislation of collective bargaining, employee representation structures, social rights, etc. Edward & Kuruwill (2005:12) emphasize the “national aspect of business systems to capture international differences”, as well.

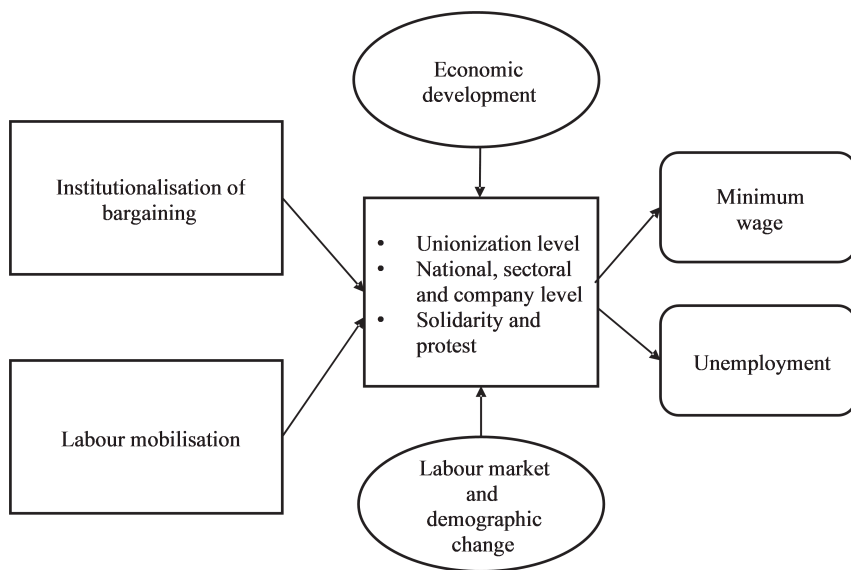
Regarding *national and institutional level* factors, it is found that different forms of capitalism have different effects on several organizational factors, and IR, too. The economic context in terms of varieties of capitalism (VoC) with special emphasis on the coordinated market economies (CME) and liberal market economies (LME) approach is one of the most common approaches for the investigation of this influence (Nolke/Vliegenthart 2009; Cristiani/Peiro 2018;



Berber/Slavić/Strugar Jelača/Bjekić 2020). Although there is a wide range of approaches for defining the economic context of the CEE region (Maszczyk/Rapacki 2012; Wilkinson/Wood 2017), the authors of this paper based their categorization on LME/CME built on the project of Ahlborn, Ahrens, and Schweickert (2016), who found that each country in the CEE region shows more or less similarity with the two main approaches (authors Ahlborn et al. used cluster analysis in their research to create clusters in the CEE region) (Berber/Slavić/Strugar Jelača/Bjekić 2020).

Hall and Soskice (2001) identified two basic types of capitalist institutional settings: the liberal market economy and the coordinated market economy. “In LMEs, firms primarily coordinate their endeavours by market mechanisms. Coordinated market economies rely more heavily on non-market forms of interaction in the coordination of their relationships with other actors. This distinction is based on the assumption that the different types vary systematically across nations. The two types represent different approaches to coordination (competitive or strategic), while different institutional arrangements are necessary to provide complementary incentives and constraints on the economic behaviour of the actors. The CME countries are characterized by high employment, security, and strong employee rights, while in LME countries the pressure to prioritize short-term shareholder interests affects employment relationships and leads to low employment security and weaker employee rights” (Berber et al. 2020: 973). Trade unions and their influence are weaker in LME states compared to CMEs. According to Feldman (2006: 836), LMEs are characterised by low union membership (TU density), limited employers’ coordination, decentralized wage bargaining, low coverage of wage agreements, and no social dialogue. On the contrary, CMEs are characterized by higher union membership, centralized wage bargaining, high coverage rates of wage agreements, and social dialogue and codetermination (worker participation). Of course, several economic political arrangements can be identified behind the CME country model. In this connection, in many cases, the Hungarian and Polish models are considered by different opinion makers to be separate illiberal models (Drinóczy/ Bień-Kacala, 2020; Wiseman, 2021). One thing is certain, in the case of the two mentioned countries, the role of the TU – similarly to that of other CEE countries – has declined significantly, with the exception of the public sector and a few sectors (Morley et al., 2016).

The following Figure 1 summarizes the most important factors that we explained in the theoretical part of our article about the operation of the TU in the CEE region.

**Figure 1: Complexity of trade unionization in CEE region**

Source: Authors' own research

Besides varieties of capitalism, national culture is an important factor in determining TU influence, too and it is found to be significantly associated with dimensions of IRs (Black 2005). Black (2005) found that a high level of individualism is negatively associated with the amount of bargaining coordination and that organizations in countries with high power distance levels are less likely to have worker participation in place. Similar results were found in another research by Posthuma (2009) in which several cultural dimensions were investigated concerning TU density. He found that "...since unions strive to influence employers' decisions, they are attempting to reduce the power differential between the management and workers. Countries with a higher power distance dimension would be expected to have lower levels of union membership because workers in those countries are more willing to let their employers take the power to make decisions" (p. 513). In the case of the cultural dimension of individualism vs. collectivism, unionization is certainly a characteristic of collectivist societies. Unionization is a collectivist action and the interests of the group rather than the individual are valued and defended (Yildiz 2013). Regarding individualism, in three previous studies performed by Black (2001), Singh (2001), and Posthuma (2009) no significant correlation was found between collectivism and unionization.

Based on the above arguments, we present the following hypothesis:

*H1: National and institutional level factors (national culture and type of capitalism) determine the influence of TUs in organizations in the CEE region.*

*H1a: Type of capitalism determines the TU influence in an organization, and TU influence is lower in organizations that operate in the LME type of capitalism in the CEE region.*

*H1b: Power distance and individualism determine the TU influence in organizations in the CEE region, and TU influence is lower in countries with high power distance and high individualism.*

Microeconomic or *organizational factors* involve the characteristics of MNC subsidiaries and the local management autonomy. Among the MNC subsidiary characteristics the size, industry, product/service diversification, and the company origin play an important role in the IR processes (Sass/Szunomár/Gubik/Kiran/Ozsvald 2019). Gunnigle, Pulignano, Edwards, Belizón, Navrbjerg, Olsen, and Susaeta (2015) note that for instance manufacturing organizations usually adopt an indirect voice approach, while MNCs in the service sector often combine direct and indirect employee voice methods. Multinationals with high product diversification are usually characterized by union avoidance, while MNCs with standardized product portfolio mainly have unions. “MNCs that launch new operations through greenfield sites are unlikely to encounter pre-established workforce management traditions that might characterise brownfield sites (i.e. operations established via mergers or acquisition)” (Gunnigle et al. 2015: 156). Rosenzweig and Nohria (1994) and Gunnigle et al. (2015) stress that the extent of subsidiary autonomy over IRs is likely to be particularly sensitive to local institutional arrangements, probably more than other employment practices such as performance management or training and development. Gunnigle et al. (2015) emphasize that variations in the level of subsidiary autonomy in industrial relations appear detached from the use of international HR structures, such as the presence of an international committee acting as a policy-making body to develop and disseminate HRM practice across borders, the use of human resources information systems (HRIS), the incidence of direct and regular reporting from subsidiary to HQ on HR/IR issues and the use of a shared service centre for HR. These international structures have proven to limit the level of subsidiary autonomy over other HR practices.

In light of this, we propose the following hypothesis:

*H2: Organizational variables (TU density, local management autonomy on IRs, and primary responsibility for IRs) determine the influence of TUs in organizations from the CEE region.*

*H2a: TU density determines the importance and influence of TUs.*

*H2b: In organizations that determine trade unions on the local management (subsidiary) level TU influence is higher than in organizations that determine trade unions at the HQ level.*

*H2c: In the organizations where HR managers have responsibility for IR, TU influence is higher than in organizations where IR is determined by line managers.*

## Methodology

We test our arguments using data from the Cranet Survey. The survey is currently conducted approximately every four years in over 40 countries of the world. The aim of Cranet research is to provide high-quality data for academic purposes, to be used in public and private sectors, as well as by students of HRM, and to create new knowledge about HRM practices in different countries of the world. The questionnaire consists of six parts/sections, HRM activities in an organization, staffing, employee development, compensation and benefits, industrial relations and communication, and organizational details (for more methodological details see Morley/Heraty 2019; Parry/Farndale/Brewster/Morley 2021). The questionnaire contains closed-ended questions and respondents were requested to make their choice from the sets of alternative, pre-formulated answers largely covering the specific areas of HRM to be studied. The survey concentrates on 'hard data', percentages, ratios, etc., and avoids, as far as possible, attitudinal information. To reduce respondent and cross-country bias very few open-ended questions are included. Besides, the translation-retranslation technique is used for each country in every survey round (Morley et al.: 415).

## Variables

Several *independent variables* are used to explore their influence on TUs, as follows:

- *Local management autonomy over industrial relations* was explored by determining the level where IRs processes are regulated. According to the proposed hypothesis, one category was explored: subsidiary-level determination of IRs compared to MNC's international headquarters (HQ), national HQ, and site-level determination of IRs. The variable was created as a dummy variable, where 1 means subsidiary-level and 0 is for all other possibilities.
- *The primary responsibility for IR* – this variable was explored through the following categories: 1 – line managers alone, 2 – consultation between line manager and HR manager, 3 – consultation between HR manager and line manager, and 4 – HR manager alone.

- *The proportion of employees as members of TUs (TU density)* – this variable consists of 6 categories: 1=0 %; 2=1 %- 10 %; 3=11 %-25 %; 4=26 %-50 %; 5=51–75 %; and 6=76–100 % employees being a member of the trade union.
- *Recognition of TUs in collective bargaining* – this binary variable consists of two categories which show whether organization recognize (1) or do not recognize TUs in the collective bargaining process (0).
- *National culture* – this variable is measured by Individualism vs. collectivism (1–100) and Power distance (1–100) taken from Hofstede (Berber et al. 2020).
- *Variety of capitalism* – this variable is based on the distinction between two groups of countries: LME type or CME type of capitalism (Ahlborn/Ahrens/Schweickert 2016). In our analysis, we used the classification of CEE countries to LME and CME types made by Ahlborn et al. (2016: 443). According to their research results, countries from our sample that belong to the LME group (coded as 1) are Estonia, Latvia, Lithuania, Romania, and Slovakia, while the CMEs (coded as 0) are Croatia, Hungary, and Slovenia. In addition, the classification of Serbia into the CME country group was done based on the research results of Benny (2014: 66).

**The dependent variable** used for this research is the level of *influence that TUs have in organizations*. This ordinal variable consists of 5 categories from 0=very low influence to 4=very strong influence.

**Control variables** used in the analysis are:

- *The year of establishment of a company* – a year in which a company started to operate a business, pointing to company age.
- *Size of organization* – expressed by the number of employees. We transformed this variable into a dummy one, with 2 groups: 0 – SME (with less than 250 employees) and 1 – Large (with more than 250 employees).
- *Sector* – we took into consideration two categories, which were mostly represented in the total sample: 1 – public and 0 – private sector.
- *Industry* – this variable consists of 20 categories, so we decided to divide it into two categories (0 – manufacture and 1 – services) since the literature review has pointed out certain differences in TUs in these two categories.

### *Data Processing Methods*

For statistical analysis, descriptive analysis, Spearman's correlation method, and hierarchical regression were used. The descriptive analysis gave an insight into certain indicators concerning the practice of TUs in selected countries of the CEE region. Spearman's correlation analysis and hierarchical regression were used to explore the relations and influences of the control and independent variables on the actual influence of TUs in the studied organizations. Hierarchical regression was used to explore these relations in detail. In the analysis, we paid special

attention to the problems of multicollinearity, which can occur due to their high intercorrelations. SPSS achieved no multicollinearity (tolerance  $<.10$  and VIF  $> 10.0$ ) in this model.

### *Sample and data*

The latest Cranet database from the 2015/2016 research period was used for this study. The questionnaires were completed by the HRM manager of the organizations with more than 50 employees.

**Table 1. Sample of countries from CEE region**

	Frequency	Percent
Croatia	171	10,7
Estonia	83	5,2
Hungary	273	17,0
Latvia	67	4,2
Lithuania	145	9,0
Romania	225	14,0
Serbia	160	10,0
Slovakia	262	16,3
Slovenia	218	13,6
Total	1604	100,0

Source: Authors based on Cranet data

Based on the 2015–2016 survey results the total data of HR practices in 1604 institutions were compared from nine Central and Eastern European countries: Croatia, Estonia, Hungary, Latvia, Lithuania, Romania, Slovakia, Slovenia, and Serbia. Most of the sample organizations belong to the group of SMEs (50 %), 35 % are large organizations, while 15 % are very large organizations, with more than 1000 employees. Regarding the sector, 71 % of the sample consists of organizations from private and 29 % from public-owned organizations. The main industries represented in this sample are wholesale and retail trade (10 %), telecommunications and IT (8.4 %), manufacture of food, beverages, textiles, wood and paper, coke and refined petroleum, and related products (8.6 %), public administration (8.3 %), and financial sector (7.4 %). Generally, production sector makes up 33.5 % of the sample, while the service sector makes up the rest of it (66.5 %).

## **Results**

Regarding the level of unionization in the CEE region, the 2015/2016 data show a similar pattern as the previous Cranet surveys (2006 and 2011).



**Table 2** Recognition of TUs in collective bargaining and the extensiveness of TU (union density) (% of organizations)

Country	Recognition of TUs for collective bargaining	Proportion of employees that are members of a trade union						
		0	1–10	11–25	26–50	51–75	76–100	Total
Croatia	71,4	16,9	12,2	12,8	21,6	20,9	15,5	100,0
Estonia	28,0	61,8	26,5	5,9	4,4	1,5	0,0	100,0
Hungary	32,6	50,2	22,1	16,1	8,3	2,3	0,9	100,0
Latvia	46,3	44,3	19,7	6,6	16,4	8,2	4,9	100,0
Lithuania	58,6	7,6	50,3	22,8	9,7	7,6	2,1	100,0
Romania	59,1	0,5	9,4	17,0	25,5	25,0	22,6	100,0
Serbia	64,3	30,8	5,7	6,3	7,5	22,0	27,7	100,0
Slovakia	47,1	55,6	22,9	13,9	4,5	2,7	0,4	100,0
Slovenia	76,1	14,2	15,5	20,3	24,3	20,9	4,7	100,0
Total	53,2	34,9	21,6	14,2	11,5	10,7	7,1	100,0

Source: Authors based on Cranet data

Responding organizations were asked if they recognize TUs for collective bargaining. Based on their answers, 53 % of organizations from the sample consider TUs regarding collective bargaining. More than 70 % of organizations recognize TU as a partner in the collective bargaining process in Croatia and Slovenia. In Serbia 64.3 % and in Lithuania and Romania, almost 60 % of organizations recognize TUs in collective bargaining. On the contrary, Estonian and Hungarian trade unions have a low influence on collective bargaining processes (less than 35 % of organizations recognize them as partners in collective bargaining), while in Latvia and Slovakia this proportion is about 47 %.

According to the global Cranet Report (2011), Scandinavian countries (Finland, Sweden, Denmark, Norway, and Iceland) and Cyprus have the highest unionization levels among European countries, while East European countries have the largest proportions of organizations with no trade union membership. To be more specific, the majority of responding organizations in Estonia, Latvia, Slovakia, and Hungary (44–62 %) have no union membership at all. In this regard, Slovenia, Croatia, and Serbia (member states of former Yugoslavia) are the exception (for example, in Serbia even 50 % of organizations have more than 50 % of employees in TUs (László et al., 2018)). Union density in those countries is similar to that of West European countries (Germany, Austria, France, and Belgium) (Cranet, 2011).

Table 3 Means, standard deviations, and correlations between variables

	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12
Year 1	1984.66	30.33	1,00											
Size 2	0,54	0,50	-.103 <sup>**</sup>	1,00										
Industry 3	0,70	0,46	.055 <sup>*</sup>	-.001	1,00									
Sector 4	0,28	0,45	-.205 <sup>**</sup>	0,01	.332 <sup>**</sup>	1,00								
TU density 5	2,89	1,70	-.312 <sup>**</sup>	.251 <sup>**</sup>	-.005	.354 <sup>**</sup>	1,00							
Recognition of TUs for collective bargaining 6	0,54	0,50	-.247 <sup>**</sup>	.187 <sup>**</sup>	0,00	.279 <sup>**</sup>	.619 <sup>**</sup>	1,00						
Subsidiary det. 7	0,14	0,35	.074 <sup>**</sup>	0,04	-.001	-.001	0,04	-.001	1,00					
Primary responsibility for decisions on IR 8	2,40	1,15	-.057 <sup>*</sup>	.199 <sup>**</sup>	-.056 <sup>*</sup>	-.130 <sup>**</sup>	0,01	.107 <sup>**</sup>	-.004	1,00				
Variety of capitalism 9	0,49	0,50	.221 <sup>**</sup>	0,04	0,01	-.101 <sup>**</sup>	-.070 <sup>**</sup>	-.066 <sup>*</sup>	.053 <sup>*</sup>	-.140 <sup>**</sup>	1,00			
Power distance 10	71,16	22,68	.126 <sup>**</sup>	0,00	-.057 <sup>*</sup>	-.121 <sup>**</sup>	.127 <sup>**</sup>	.073 <sup>**</sup>	.101 <sup>**</sup>	-.203 <sup>**</sup>	.214 <sup>**</sup>	1,00		
Individualism vs collectivism 11	47,45	19,99	.179 <sup>**</sup>	-.001	.080 <sup>**</sup>	-.003	-.414 <sup>**</sup>	-.244 <sup>**</sup>	-.051 <sup>*</sup>	0,05	.189 <sup>**</sup>	-.491 <sup>**</sup>	1,00	
Influence of TUs in organization 12	1,24	1,34	-.282 <sup>**</sup>	.268 <sup>**</sup>	-.080 <sup>**</sup>	.275 <sup>**</sup>	.808 <sup>**</sup>	.666 <sup>**</sup>	.070 <sup>**</sup>	0,04	-.109 <sup>**</sup>	.195 <sup>**</sup>	-.411 <sup>**</sup>	1,00

\*\* . Correlation is significant at the 0.01 level (2-tailed).  
\* . Correlation is significant at the 0.05 level (2-tailed).

Source: Authors based on Cranet data

According to the test of correlation between the observed variables, presented in Table 3, there are statistically significant correlations between dependent and independent variables (Spearman's  $\rho < 0.05$ ).

The influence of the TUs in the organization has positive and statistically significant correlations with the size of organizations, i.e. large organization ( $\rho = 0.268$ ,  $p < 0.01$ ); sector of business, i.e. public sector organizations ( $\rho = 0.275$ ,  $p < 0.01$ ); TU density ( $\rho = 0.808$ ,  $p < 0.01$ ); recognition of TUs for collective bargaining ( $\rho = 0.666$ ,  $p < 0.01$ ); subsidiary level of determination of IRs ( $\rho = 0.070$ ,  $p < 0.01$ ); and a higher level of power distance ( $\rho = 0.195$ ,  $p < 0.01$ ). On the other hand, the influence of the TUs in the organization has negative and statistically significant correlations with firm age ( $\rho = -0.282$ ,  $p < 0.01$ ); service sector organizations ( $\rho = -0.080$ ,  $p < 0.01$ ); the variety of capitalism ( $\rho = -0.109$ ,  $p < 0.01$ ); and the level of individualism ( $\rho = -0.411$ ,  $p < 0.01$ ).

To explore the impact of control and independent variables on the level of the influence of TUs in organizations hierarchical regression was performed.

**Table 4** Regression model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.452 <sup>a</sup>	.204	.202	1,215	.204	73,357	4	1142	.000	
2	.826 <sup>b</sup>	.682	.679	.771	.478	243,524	7	1135	.000	1,731

Source: Authors based on Cranet data

In line with the results presented in Table 4, both models are statistically significant. According to the data, the R-value of 0.452 indicates a moderate level of prediction (before the introduction of organizational, national, and institutional variables). The coefficient of the determination, R square, is 0.204, which means that the model explains 20.4 % of the variability of the dependent variable. The level of autocorrelation was also investigated. The Durbin-Watson statistic is 1,731 which is between 1.5 and 2.5, therefore the data is not auto-correlated. VIF identifies a correlation between independent variables and the strength of that correlation. The value of variance inflation factors (VIF) and tolerance further pointed out that there was no multicollinearity in the model. The R of the final model (with all independent variables introduced) is 0.826 and the R square of the final model is 0.682. In both models, the variance inflation factors were lower than the generally accepted threshold of 10 (Hair et al., 1995; Cohen et al., 2003).

Based on the results of the F test, this change in R square was significant ( $F(7, 1135)=243.524, p<0.01$ ). The introduction of the independents altered the coefficient of determination of the model to a significant degree. The F-ratio in the ANOVA table demonstrated that the overall regression model is a good fit for the data. The independent variables in the final model statistically predict the dependent variable  $F(11,1135) = 221.300, p<0.01$ ).

**Table 5 Hierarchical regression model results**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	19,789	2,351		8,417	,000		
	Year	-,009	,001	-,218	-7,985	,000	,937	1,067
	Size	,573	,072	,210	7,920	,000	,989	1,011
	Industry	-,433	,082	-,149	-5,306	,000	,881	1,135
	Sector	,869	,089	,278	9,720	,000	,850	1,176
2	(Constant)	2,338	1,601		1,460	,144		
	Year	-,002	,001	-,040	-2,155	,031	,820	1,219
	Size	,165	,048	,060	3,419	,001	,899	1,113
	Industry	-,094	,053	-,032	-1,784	,075	,854	1,171
	Sector	,015	,063	,005	,241	,809	,693	1,444
	TU density	,454	,020	,568	22,879	,000	,455	2,200
	Recognition of TUs for collective bargaining?	,738	,058	,270	12,786	,000	,628	1,593
	Primary responsibility for decisions on IR	,003	,021	,002	,133	,894	,869	1,150
	Subsidiary det.	,207	,062	,057	3,348	,001	,973	1,028
	Variety of capitalism	-,289	,051	-,106	-5,629	,000	,793	1,261
	Power distance	,009	,001	,146	6,300	,000	,524	1,907
	Individualism vs collectivism	,003	,002	,035	1,381	,167	,443	2,259
a. Dependent Variable: Extent to which trade unions influence organization								

Source: Authors based on Cranet data

Table 5 presents the coefficients of the regression model for the *influence of TUs in organizations*, as dependent variables. Before the second step of the analysis, the regression model showed that all control variables had significant relations to the influence of TUs in organizations. According to the negative beta coefficients (firm age  $\beta=-0.009, p<0.05$  and industry  $\beta=-0.433, p<0.05$ ), younger companies and those from the service sector will have a lower influence on TUs

in organizations than older companies and those from the manufacturing sector when the other variables in the model are controlled. According to the positive beta coefficients (size  $\beta=0.573$ ,  $p<0.05$  and sector  $\beta=0.869$ ,  $p<0.05$ ), larger organizations and those from the public sector will have a higher influence of TUs in organizations than smaller companies and those from the private sector.

After the inclusion of organizational, national, and institutional independent variables, the results showed that, according to the negative beta coefficient (firm age  $\beta=-0.002$ ,  $p<0.05$ ), younger companies will have a lower influence of TUs in organizations, when the other variables in the model are controlled (held fixed). Positive beta coefficient (size  $\beta=0.165$ ,  $p<0.05$ ) showed that larger organizations will have a higher influence of TUs in organizations than smaller companies. The other two controls in the second model did not have significant relations with the dependent variable.

Trade unions' membership is positively related to the dependent variable ( $\beta=0.454$ ,  $p<0.1$ ). Higher trade union density is related to the higher influence of TUs in organizations. Besides, the recognition of TUs for collective bargaining has a statistically significant relationship with the higher influence of TUs in organizations in CEE ( $\beta=0.738$ ,  $p<0.01$ ). If organizations recognize TUs in collective bargaining, the influence of TUs will be higher. Thus the obtained results have confirmed the H2a hypothesis.

In the case of the role of HR manager in decision making on IRs in organizations, the data did not point to statistically significant relations. On the other hand, the results demonstrate that if decisions on IRs are made on the subsidiary level, the TUs influence will be higher than if those decisions are made on the HQ level ( $\beta=0.207$ ,  $p<0.01$ ). Thus, H2b and H2c hypotheses are partially proved.

The two national-level factors, the examined dimensions of national culture, i.e. power distance and individualism vs. collectivism portrayed different relations. While the level of individualism failed to show a statistically significant relation, the level of power distance is shown to be positively related ( $\beta=0.021$ ,  $p<0.05$ ) to the influence of TUs in organizations. This means that the influence of TUs in organizations is higher in countries with higher power distance levels. This can be understood in the manner that employees in countries with high power distance index will need the protection of TUs in employer-manager relations. According to Yildiz (2013), TUs came into existence because of this unequal structure in society, having been established to protect the rights of the weak against those in power. Thus hypothesis H1b is not confirmed.

The research data concerning the introduction of the Variety of capitalism revealed that it has a negative relation with the TUs influence in organizations in the CEE region ( $\beta=-0.289$ ,  $p<0.01$ ), and organizations from CEE that have more

similarities with the LME type of capitalism will have a lower influence of TUs in organizations than organizations from CEE that have more similarities with CME type of capitalism. Therefore hypothesis H1a is confirmed.

Data presented in Table 5 show that the number of employees (as a measure of the size of the company), year of existence of the company, the extensiveness, the recognition of trade unions in collective bargaining, and the local management autonomy are statistically significant predictors of the influence of TUs in organizations. The larger number of employees, more years of company age, a higher proportion of employees with trade union membership, and recognized TUs in collective bargaining are positive predictors of the influence of trade unions. Besides, if an organization determines IR on the subsidiary level, TUs will have a greater influence. In the case of institutional and national factors, organizations from CEE with the LME type of capitalism will have a lower influence of TUs in organizations than organizations from the CME type of capitalism. Regarding the factors of national culture, current research data point to different results for power distance, as supposed in other research. Although it was expected that high power distance will be associated with lower TU influence in the organization, the data conform positive relation. The explanation of this fact may be found in a manner that high power distance means lower equality in society and that employees seek to be more protected in employment relations. If TUs have a higher importance in organizations, employees may feel that their rights are more protected against the power of managers and owners.

Based on the obtained results it can be concluded that trends concerning the IRs in the CEE region are going in direction of lowering the power of trade unions as one of the most important elements of IR. *The trade union's density is low*, in nearly 50 % of organizations 10 % or less of workers are members of a trade union. A different situation can be found only in Slovenia, Croatia, and Serbia (member states of former Yugoslavia), where there is a higher proportion of organizations with more than 50 % of employees being TU members. Additionally, it can be stated that *the influence of TUs in the organization is at a low level*. In almost half of the analyzed organizations' trade unions do not have a strong influence. Our results reinforce the conclusions of other literature sources on the assumption that TUs were not prepared for the new political and economic situation which occurred after the fall of the regime. Trade union representatives lacked experience in modern industrial relations. The position of TUs was also hampered by the fact that the industrial relations were driven by the company management.

These findings are in the line with the results of the research of Psychogios, Brewster, Missopoulos, Kohont, Vatchkova, and Slavić (2014). Trade unions have the largest influence in public organizations and the manufacturing sector. Besides, TUs have the largest influence in those MNCs that determine their in-



dustrial relations processes at the national subsidiary level, compared to MNC's international headquarters (HQ), national HQ, and site-level determination of IRs. The research data also prove that the number of employees, the extensiveness, the recognition of TUs in collective bargaining, and the level of subsidiary autonomy are statistically significant predictors of the influence of TUs in organizations.

To conclude, if we have a decrease in the proportion of employees that are members of trade unions and a decrease in the presence and influence of it in the collective bargaining process we can expect a decrease in the influence of TUs.

These findings are quite expected. Bearing in mind the strong economic recession's negative implications on market, especially on the labour market, low level of economic development accompanied by social and political problems from the past, very low level of ethical behaviour in business, desperate desire for foreign investments (usually from MNCs), we can understand the features of IR in analyzed CEE countries. A high level of unemployment made it possible for employers to offer far worse working conditions for workers since the workers have a weak position in the negotiation process. In these situations, workers usually accept any kind of contract since they need any job. As employers have a better position in these relations, they usually can restrict the actions of the trade union, if it exists in a company. Nowadays we can see evidence of the decreasing influence of trade unions in the CEE region, as their main activities are rather trivial than important for employees. Only in the case of public organizations TUs have a better position, since in these situations the State is the employer, which is self-regulated by its laws and regulations.

Speaking about analysed CEE countries it is important to emphasize the downfall of the socialistic system in CEE countries in early 1990. A lot of people experienced these changes as quite dramatic, countries entered into the transition period, without a clear vision of future development, and markets were opened to new and still unknown business systems and management approaches. In spite of the fact that those countries are now in better economic and political situations, their TUs are losing power in the IR, too. The constellations of the economic situation and the decrease in economic development in the past years definitively contributed to the changes which are directing to a decrease in the extensiveness and influence of TUs in the IRs in the CEE region.

Industrial Relations presents a very heterogeneous picture in Eastern Europe. On one side are the Baltic States, where the level of professional organization is 7–13 percent. On the other side are former Yugoslav countries, Slovenia (23 %) and Croatia (31 %). The level of state intervention can be quite high in the case of Bulgaria, Romania, Slovakia and Hungary (Magda, 2017).

## Conclusions

After the fall of the socialist regime, the industrial relations in CEE countries have gone through radical changes. In the 1990s the membership and influence of trade unions have significantly decreased. Despite the fact that TUs – especially except for the Nordic countries – are in a downturn, this change and decline in Central and Eastern European countries are more significant than in developed economies.

In the CEE region as whole MNCs have played a specific role in the process of transition to a market economy, and as they face various external and internal challenges in the determination of their IRs practice, it is important to be aware of the present features of TUs and other aspects of industrial relations in MNCs operating in CEE countries.

The management literature distinguishes various macro and micro-economic factors affecting industrial relations practice in MNCs. Besides, the institutional factors of MNC home-country and host country play an important role in the determination of the role of trade unions (Marginson 2016). In this paper, special attention was paid to microeconomic factors influencing the IRs practices in the CEE region. Based on Cranet research data from the 2015/16 research period, the extensiveness, importance, and recognition of TUs in nine CEE countries were analyzed.

The obtained results confirm that there are significant differences among the nine CEE countries according to their IR practice. The highest TUs extensiveness is observed in Serbia, while the lowest proportion of employees who are members of TUs is present in Estonia. For Serbia, it is important to stress that because of the Balkan wars and specific political regimes, the establishment of a market economy started very late.

The highest importance of TUs is detected in Serbia and Croatia, while the lowest is in Slovakia and Estonia. In the majority of analyzed Serbian, Croatian and Slovenian organizations, the trade unions are recognized in the process of collective bargaining, while in Estonia and Hungary they are not considered as a partner in that process. The analysis confirms that there are differences in TU density and influences regarding the size, industry, and sector of organizations. The level of subsidiary autonomy strongly influences the IR practice of the MNCs. The obtained data confirm that the extensiveness and importance of TUs are the highest in organizations where industrial relations decisions are made on the national level. In the case of managerial decision-making, no statistically significant differences in TU density and influence have been found.

Larger organizations, with a higher proportion of employees with trade union membership, and recognized trade unions in collective bargaining are positive

predictors of the TUs influence. In organizations that determine IR processes at the subsidiary level trade unions have higher influence, too.

Regarding hypotheses, H1, i.e. national and institutional level factors (national culture and type of capitalism) determine the influence of TUs in organizations in the CEE region, is partially confirmed, since H1a: Type of capitalism determines the TU influence in an organization, and TU influence is lower in organizations that operate in the LME type of capitalism in the CEE region was confirmed, but H1b: Power distance and individualism determine the TU influence in organizations in the CEE region, and TU influence is lower in countries with high power distance and high individualism was not. In the case of H2, that organizational variables (TU density, local management autonomy on IRs, and primary responsibility for IRs) determine the influence of TUs in organizations from the CEE region, the results confirmed this hypothesis partially. H2a: TU density determines the importance and influence of TUs was confirmed, but H2b: In organizations that determine trade unions on the local management (subsidiary) level TU influence is higher than in organizations that determine trade unions at the HQ level and H2c: In the organizations where HR managers have responsibility for IR, TU influence is higher than in organizations where IR is determined by line managers were partially confirmed.

Although there are new models of organizing the workforce and strategies for attracting new members in TUs, the real influence of today's trade unions is questionable in the context of the CEE region. According to Krzywdzinski (2010: 290), Polish *Solidarność* seems to be the first CEE trade union that developed systematic organizing activities. The trade unions in other CEE countries still follow an unclear path of development. For example in Hungary, the leaders of the largest trade union federation (MSZOSZ=Hungarian Associations of Trade Unions) have been in close contact with the former governing Socialist Party for a long while. Moreover, some TU leaders took government posts (Girndt 2013).

Interestingly, post-socialist trade union movements were on the decline in most countries (MacShane, 1992), but the 2008 crisis provided them with a new opportunity. Many people of different CEE countries were disillusioned with the opportunities offered by liberal trends. This situation provided a new opportunity for the more innovative trade union leaders in Eastern Europe. Thus, among other things, cooperation and knowledge transfer with European and German trade unions increased (2011).

According to Murray (2017) TUs need to be revitalized through “modernization of organizational strategies (identifying innovations and how to achieve them); the representative spaces in which unions are present (re-engineering union structures and organizing to occupy new representative spaces); collective action repertoires (diversifying and enlarging the range of actions); connectedness

(how to be more adept at weaving the interests and identities of so-called ‘outsiders’ into a larger narrative and practice about the role of unions in society)” (2017: 11). Thereby, the future activities of TUs in this region should be oriented towards education and training of their representatives in managerial and negotiation skills, attracting new members and those who were their members in the past, higher involvement in the creation of economic policies and regulations on the state level, and creation of alliances and networks among various fragmented TUs. Therefore, TUs in the CEE should change the way of their functioning, by creating links and networks with wider international movements, using new technologies of communication, new models of management, involving younger members in managerial positions in TUs, consideration of migrant workers in TUs, etc. At the level of organization, this development should include higher involvement in the creation of the business strategies and policies which influence the workforce (compensation, training and development, working time), and new services and activities for employees (training, legal advice, etc.). Besides, a radical change in the attitudes towards TUs is needed from the other concerned parties (management, government, political parties). A good example of the possibilities for strengthening the power of TUs lies in the mobilisation of their internal resources. According to the research of Trif, Paolucci, Kahancová, and Koukiadaki (2023), unions that mobilized their internal resources (leaders’ proactivity, external links, and internal democracy) were able to reduce various dimensions (low wages, lack of voice, and irregular working time), associated to the employment that is uncertain, unpredictable, and risky from the point of view of the workers (Trif/Paolucci/Kahancová/Koukiadaki 2023). Only after these changes, it may be expected from trade unions and industrial relations to achieve their adequate position in organizations of the CEE region.

In the end, it is important to emphasize the new challenge that the whole world is coping with, Covid 19 pandemic. According to van Barneveld, Quinlan, Kriesler, Junor, Baum, Chowdhury, and Rainnie (2020), the pandemic “highlighted the growing within-country inequalities and precarity generated by neoliberal regimes of labour market regulation” (p: 133), and it is expected that the real and very serious effects will be recognized in the following years. At the moment, many organizations are practicing teleworking, to achieve their business goals, and even reduce HR costs (Vasić 2020), but several negative effects are observed like social distancing, stress, and increased unemployment (Kniffin/Narayanan/Anseel/Antonakis/Ashford/Bakker/Vugt 2021). It is expected that TUs will have to take an important role in crisis management and protect workers’ rights. It is worth noting that similar to the 2008–2009 crisis trade unions made a significant contribution to maintaining some jobs (Magda, 2017). Also, it will be important to follow the development of TUs in the CEE in terms of density and influence, to draw a conclusion about the real position and importance of TUs in the new normal, having in mind all health, political,

and economic challenges. The present research was based on the data from the Cranet 2015/2016 database. Although these data are from previous period, it is important to determine the proposed relations, and the state of the art in TUs in the CEE to have the basis for future comparisons with the new data on TUs in the region.

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