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Industrial Relations and Unemployment Benefit Schemes in the Visegrad Countries during the COVID-19 Pandemic

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Abstract

The COVID-19 pandemic and the ensuing economic and technological adjustment increased the risk of unemployment, underemployment and skills mismatch across Europe. These increased risks highlighted the importance of national unemployment benefit schemes for income security. This article examines the role of industrial relations in shaping unemployment benefit regimes in the Visegrad countries during the COVID-19 pandemic. We adopted an actor-oriented approach based on desk research and 12 semi-structured interviews with the representatives of trade unions and employers in all the Visegrad countries. Our research showed that the capacities of the trade unions and employers' associations to shape the unemployment benefit regimes were rather limited. State control over social policy remained very strong and shaped the dynamics of industrial relations, without inclusive involvement of social partners. National governments sought to implement measures to protect employment (mainly wage subsidies), rather than to reform existing unemployment support regimes.

Keywords

Unemployment benefits, short-time work, industrial relations, Visegrad countries, Central and Eastern Europe, COVID-19 pandemic

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Introduction

The literature on industrial relations in Central and Eastern Europe generally portrays the social partners as relatively weak, with limited direct influence on policy making (Visser, 2009; Nölke and Vliegenthart, 2009; Bohle and Greskovits, 2012; Varga, 2015). Yet, the available evidence shows that when an economic crisis occurs, social partners are able to depart from the traditional regulatory instruments and foster an unconventional response or innovative practices (Bernaciak and Kahancova, 2016). Such responses in the Visegrad countries have occurred during recent periods of economic downturn, such as in the late 2000s, when, even with limited institutional power and shrinking membership, the social partners were able to act strategically in an effort to mitigate the economic effects of the crisis. On certain occasions, by using the usual arsenal of tools, which included mass mobilization of labour force, trade unions were able to stabilize their position and sometimes even improve their bargaining power.

The Covid-19 pandemic is an exogenous shock that once again tests the ability of social partners to address the challenges instigated by the crisis. While the first wave of infections in the spring of 2020 was relatively moderate, mobility restrictions stymied the economy and resulted in economic hardship. The escalation of the pandemic during the next waves in the autumn and winter of 2020-2021 resulted in even stricter mobility restrictions and lockdowns. Combined with the demand shock due to weakened global demand for consumables as well investment goods and the disrupted supply chains, the Covid-19 pandemic strongly affected the small open and relatively specialized economies of the Visegrad group. The economic slow-down resulted in hardship in Visegrad labour markets. Specifically, after six years of uninterrupted economic growth, the Visegrad countries experienced real GDP decline by around 5% during the Covid-19 pandemic in 2020¹, followed by a steep fall of total hours worked (Astrov and Holzner, 2021).

It is an empirical question what role social partners played in shaping governments' social policy responses to the Covid-19 pandemic shock and its economic and social repercussions. On the one hand, the regulatory changes in response to unemployment that state, trade unions, and employers had had at their disposal before the pandemic might not have been available or effective during the pandemic. Namely, social distancing and mobility-inhibiting measures during the pandemic caused that some tools of trade union action, such as mass mobilization of labour, were no longer available. Similarly, individual responses, mobility restrictions, and other state interventions

¹ Source: <https://ec.europa.eu/eurostat/databrowser/view/tec00115/default/table?lang=en>

aimed at mitigating the pandemic triggered pressures on the employers to adapt and experiment with new approaches in workplaces, especially where remote work was not possible (e.g., in sectors with a high share of manual non-repetitive work and those with a high share of foreign workers, whose mobility (commuting) across national borders became, at least temporarily, problematic). Therefore, under such suddenly altered circumstances, actors on both supply and demand side of the labour market had to revisit traditional ways and consider new approaches of organizing labour.

In comparison to their European counterparts, Czechia, Hungary, Poland, and Slovakia differ in the regulatory set-up of their unemployment benefits schemes, by the relatively low value, strict eligibility criteria, and shorter duration of support (Banaszewska and Pilc, 2020). All the four countries belong to the group of countries severely hit by the Covid-19 pandemic, in which a heavy specialization on highly globalized sectors and severe public-health effects of the second wave of the pandemic had significant impacts on employment.

The aim of the research paper is to examine the role of industrial relations in shaping unemployment benefit regimes in the Visegrad countries during and after the Covid-19 pandemic. Specifically, based on a review of the literature and analysis of semi-structured interviews with social partners, we explore the role and interactions of trade unions, employer and the state in initiating and shaping changes in the unemployment benefit system (UBS) in four countries: Czechia, Hungary, Poland, and Slovakia. The main research question of this paper hence is: (RQ) what role did social partners play in shaping unemployment benefit schemes in Visegrad countries during the Covid-19 pandemic.

The two research sub questions are: (SRQ1) To what extent and in what capacity were social partners involved in the developing unemployment support structures in response to Covid-19 pandemic? and (SRQ2) on what issues and through what channels were they involved in the formulation of unemployment benefits policy? The paper proceed as follows: we review the relevant literature in the subsequent section; conceptualize the role of social partners in shaping UBS; proceed to describe the situation in Central-Eastern Europe; develop a methodological framework and present the case studies; and discuss the findings and conclude.

1 Industrial relations and welfare systems in Central and Eastern Europe: Literature Review

The involvement of social partners in shaping unemployment benefit regimes differs considerably across EU countries depending on institutional factors and strategies of the concerned actors. The literature examining industrial relations in CEE often points to the weakness of trade unions and employers in organizing as well as actively engaging in policy dialogue (Bohle and Greskovits, 2012; 2010; Crowley, 2004; Varga, 2015). Indeed, compared to other European countries, CEEs industrial relations are characterized by declining unionization, lack of established employer organizations, low bargaining coverage, strong position of state in social partnership, contested nature of tripartite bodies and social dialogue and a lack of transparency of negotiations (Eurofound, 2013; Eurofound 2021).

Additionally, Czechia, Hungary, Poland, and Slovakia fall into the “post-communist” or Eastern European social model. This so-called ‘mixed’ system comprises characteristics of both liberal and conservative-corporatist regimes with significant legacies from the socialist period (Aidukaite, 2011; Haggard and Kaufman, 2008; Szikra and Tomka, 2009). In the area of social policy, the four countries inherited a shared commitment to social insurance with high absorption capacity of social security but relatively low benefit levels (Banaszewska and Pilc, 2020; Aidukaite et al, 2020;).

Even though in comparative research often treated as comprehensive (especially in cross-EU comparisons), many scholars point to differences within the CEE group (Bohle and Greskovits, 2007; Jahn, 2017; Kuitto, 2016). While the other CEE countries (Baltic, Balkan countries, with exception of Slovenia) practice ‘minimalist’ social policies, the ‘Welfarist’ Visegrad four’ (Bohle and Greskovits, 2012) offer generous support, although under strict conditions. The common feature of the Visegrad countries is strongly pension-oriented social provisions that tend to target the population outside of employment, at the same time failing to actively re-integrate people into the labour market (e.g., through active labour market policies). Additional critique of such systems lies in the fact that the passive labour market policies, such as support for the unemployed, have significant loopholes that, in a crisis period, tend to exclude large proportion of people (Aidukaite et al, 2020). Such shortcomings have put into question the effectiveness of such systems, calling for their reforms. Besides many political constraints to such interventions (see Scharle, 2014, pp.9), such reforms would require complex bargaining with key actors and stakeholders, careful design, and throughout implementation and monitoring (Bonoli, 2010). Some scholars (e.g., Vanhuysse, 2007; Baxandall,

2003) argue that the emphasis on pension schemes, and less support for unemployment support in CEE was caused by the fact that the political debates put more emphasis on entrepreneurship as a success economic factor than the protection of social rights of industrial workers during the transition period, and also because the unemployment benefits are generally received by a smaller portion of the population and hence have relatively smaller political support base than pensions. The weak position of CEE trade unions (and employers) in policy engagement is often described as deriving from the difficulty of adapting organizational structures and strategic repertoires to new socio-economic conditions after the regime change (Ost, 2000; Crowley and Ost, 2001). According to Crowley and Ost (2001), the CEE trade unions in the transition years had a difficult starting line. They faced difficulties in adjusting their strategies and organisational structures to the novel political and socio-economic situations, and, thus, were not fully capable of influencing the policy making processes and steering welfare reforms. Between 1992 and 2012, trade unions in the new Member States lost 77 per cent of their members (Visser, 2015).

At the same time, economic transformation towards an open economy and investment strategies of foreign employers strengthened the bargaining power of capital in the Visegrad countries. On the one hand, the welcoming conditions for entrepreneurs fostered by the Visegrad governments attracted many foreign employers, who employed thousands of skilled workers. As many workers were released from transforming, formerly state-owned companies, the role of foreign employers in mitigating unemployment was generally welcome. On the other hand, scholars argue that by doing so they assumed an important role in propelling CEEC toward 'dependent market economies' (Nölke and Vliegenthart, 2009) or 'embedded neoliberal' capitalism (Bohle and Greskovits, 2012) and failed to engage in genuine collective bargaining (e.g., Müller, et al. 2019). Over the years, such preconditions have led to ineffective social dialogue with strongly entrenched tripartism, but with low influence of social partners on policy making (i.e low co-determination).

Nevertheless, Kahancová (2015) points out that even trade unions with weak institutional power and a reduced membership base can significantly influence policy making by employing well-organised strategic steps. The mobilisation of trade unions in the CEE region was particularly evident during the 2008 financial crisis when the unions acted as opponents of state austerity measures and government policies responding to the increasing prevalence of flexible and non-standard forms of work (Bernaciak and Kahancová, 2017). The examples of revitalisation of trade unions and their amending role are often portrayed in company reality (particularly in subsidiaries of foreign multinationals in CEE), when the local trade unions started offering new services for their members

and coined new alliances (Meardi, 2012). However, in addition to that, the agenda of trade unions covered innovative practices which pushed for acknowledgement of workforce diversity and addressing of atypical employment in national labour legislation.

In the IR perspective, such peculiarity could be to great extent explained by the debate on change in industrial relations (Kochan, 2004; Rolland, 2004; Baccaro and Howell, 2017). Industrial relations institutions, in general, are subject to broad factors such as market internalization (Fetzer, 2009), state regulations (Kochan, 2004), technological change (Gasparri and Tassinari, 2020), ideological shifts, geo-politics, or product of past path dependent decisions (Crouch, 1993; Hall and Soskice, 2001). In this context, institutions possess constraints within which social actors operate. On the other hand, industrial relations institutions change constantly as the collective social actors use innovative practices and transform or create them to cope with new challenges (Streeck, 1998). And so, the same institutions can also adapt in response.

Depicting the realities of the second world war, Katzenstein (1985) claims that when an exogenous shock is threatening the foundations of social stability, this leads to punctuated balance between actors and contexts causing systemic change. Moments of exogenous shocks are defined by high uncertainty and time pressure and thus they evoke reactions by elites that invoke inner unity and cooperation rather than particularistic interests. The Covid-19 pandemic uncovers opportunities and capacities of IR actors in governance of issues such as rising unemployment. Basing our analysis on one of the most significant shocks in the recorded human history, we aim to further contribute to the debate on revitalisation of IR and, from the theoretical perspective, on the role of collective social actors (i.e., trade unions and employer associations) in the reproduction and regeneration of industrial relation institutions (Baccaro and Howell, 2011; Frege and Kelly 2004; Hyman, 2008;). In the following section, we will look at agential and structural factors that shape the extent to which IR actors can participate in change.

2 Methodology, concepts, and case studies

Unemployment benefit schemes are typically defined as policy measures providing support for unemployed individuals with job search conditions or conditions relating to participation in active labour market policies (ALMPs) such as requalification schemes, skill maintenance schemes and others (Asenjo and Pignatti, 2019; OECD, 2020). The role of UBS schemes is therefore manifold and may be characterised by (1) a provision of income compensation and protection against poverty; (2) provision of work incentives for the unemployed and (3) enhanced skill-match by allowing the unemployed to find the most suitable job (Asenjo and Pignatti, 2019; OECD, 2020).

A similar role is played by short-time work schemes (STW schemes) that are also usually tied to the social insurance system (e.g., the German model of the *Kurzarbeitsgeld*) and activated as a response to economic downturns to prevent unemployment by avoiding extensive lay-offs (Hijzen, A. and Martin, S., 2013; Müller et al. 2022). In other words, STW schemes as public policies typically serve to retain jobs and maintain skills of their participants. In this respect, the objectives of the UBS and STW considerably overlap, and both of these types of policies serve to provide individuals with income support; the former is utilised following job loss and the latter to prevent job loss and retain employment. Therefore, for the purpose of this article, both the UBS and STW schemes will be discussed in the same context as they pose two intertwined responses to the current health and economic crisis.

To examine the role of social partners in shaping unemployment benefit schemes in the context of the pandemic, we follow a framework considering both structural and agential factors in IR. Depending on country-specific institutional arrangements, the influence of IR actors on policy outcomes can vary considerably. The structures in which IR actors operate provide, on the one hand, opportunities for, but also constraints to their strategic actions. We therefore hypothesize that the role of social partners is shaped by the interplay between institutional dynamics and strategic behavioral patterns occurring in various political and economic contexts (Thelen, 2001). Particular stress is put on 'political opportunities' defined as the potential for and obstacles to strategic action and intervention (Gasparri and Tassinari, 2020; McGuire, 2013).

The article thus aspires to address a gap in the scholarship about the recent development in the UBS schemes in the context of involvement of social partners in policymaking during the Covid-19 pandemic. The methodology is based on two key sources of information. Desk review of the existing academic literature, policy documents, legislative and regulatory framework and collective

agreements, on industrial relations in the Visegrad countries and unemployment benefit regimes will provide important insights into key contexts and arguments at the country level surrounding the role social partners played in shaping unemployment benefit schemes in the respective country during the Covid-19 pandemic. In addition, eleven semi-structured interviews were carried out with relevant stakeholders in national social dialogue in all four countries based on an interview guide adjusted to the country specificities. The respondents were identified based on the literature review and discussions with experts in the field that preceded and informed semi-structured interviews that were analysed by using thematic analysis (see the list of interviewees in Table 3 in the Appendix). Also, the respondents were affiliated with the associations and unions at the national level with a purpose to cover all the sectors (except for Czechia where also a representative of the automotive industry was approached due to its involvement in the social dialogue over STW policies). This actor-oriented approach enables us to explore the interests, power and capacities of stakeholders that have an impact on policy making (Long, 2001). The combination of primary and secondary data aspires to provide a comprehensive picture of how the unemployment benefit schemes have been shaped by social partners through lenses and experiences of relevant stakeholders in social dialogue in all four countries.

3 The country cases

In this section we present the four country cases based on desk research of the relevant regulation and the interviews conducted. To understand the case studies in the regional comparative context, we summarize the key features of the unemployment benefit schemes in the respective countries concerning eligibility for UBS, its duration, and the size of support in Table 1. The table demonstrates relatively large variation across the four countries. Hungary has the shortest duration and relatively austere size of support. Slovakia comes next, with somewhat longer duration, prolonged during the pandemic, but similarly austere size of support. Czechia offers UBS for as long as 12 months, with the support declining from 65% of the average net income in the first two months to 45% in the last six months. Poland has the most differentiated system, with the duration dependent on the unemployment rate in the region (6-18 months) and the size of benefits depending on the number of years worked (80-120% of the base amount).

Table 1 Main features of unemployment benefit schemes in Visegrad countries

Country	Eligibility	Duration	Size of support
<i>Slovakia</i>	Registered as a jobseeker at the Labour Office (UPSVar) Insured for unemployment for at least 730 days in the last 4 years before being registered as a jobseeker	Six months (Prolonged during the pandemic)	Unemployment benefit is provided per day and is 50% of the daily assessment base. The daily assessment base (DVZ) is the share of the sum of days from which the insured paid for unemployment insurance
<i>Poland</i>	Registered at the Labour Office and committed to accept job proposals, training, internship, vocational preparation. Having worked and been insured for at least 365 days within last 18 months	Depending on the level of unemployment rate (UR) in the place of residence For 0-125% of average UR- 6 months. For 126-200% of average UR- 12 months For over 200% of average UR- 18 months	Not earnings-related, varies to the length of time worked For 0- 5 years- 80% of the basic amount for initial 90 days For 5-20 years- full basic amount For over 20 years- 120% of basic amount

		After initial 90 days person receives full amount and in subsequent days a reduced pay.	As of June 1 st the basic amount accounts for 1240,80 zł
<i>Czech Republic</i>	Registered as a jobseeker at the Labour Office Insured for unemployment for at least 365 days in the last 2 years before being registered as a jobseeker	Twelve months	Defined based on the average net income; 0-2nd month: 65% of the average net income is paid in first two months, following two months 2-4th month: 50% of the net income 5-12th month: (depending on the age of benefit recipients) 45% of the net income
<i>Hungary</i>	Registered as a jobseeker at the Labour Office Insured for unemployment for at least 360 days in the last 3 years before being registered as a jobseeker	Three months	60% of the previous average wage, while the amount cannot be higher than 100% of the minimum wage

Source: Authors

Czech Republic

Unemployment benefit scheme and short time work schemes during the pandemic crisis

The provisions relating to the unemployment benefit scheme in Czechia are embedded in two laws. While Act no. 435/2004 on Employment specifies eligibility criteria, the scale of support, competences of the Labour Offices as main bodies implementing UBS schemes, and compliance mechanism, Act no. 589/1992 on Social Insurance and Contribution for the State Employment Policies stipulates rights and obligations of employers and employees regarding social security. In Czechia, the job seekers are eligible for the unemployment benefit if they have completed at least 12 months of the insurance period before losing a job. The amount of the unemployment benefits is defined based on the average net income; 65 per cent of the average net income is paid in the first two months, followed by two months with 50 per cent of the net income while in the remaining period (depending on the age of the benefit recipients) 45 per cent of the net income is paid. Recipients of the unemployment benefit are allowed to work if their income does not exceed 50 per cent of the minimum wage.

To alleviate consequences of the pandemic on the employment in Czechia, several compensation measures have been adopted and implemented, particularly compensation of sickness payments for the workers in quarantine, financial compensation in case of mandatory closure, and several types of financial incentives in relation to reduced hours as part of so-called Antivirus programmes (Drahokoupil 2021). While the unemployment benefit schemes have not been changed whatsoever, the Czech Government adopted incentives supporting partial unemployment in the form of wage subsidies to the employer affected by the COVID-19 pandemic and prevent job losses.

The role of social partners

According to the representative of the trade union and the representative of the employer's association at the tripartite level, the narrative of the anti-pandemic measures was to retain jobs to keep the low level of unemployment in the country. Rather than amending the unemployment benefit schemes, the social partners focused on job retention policies. Particularly, the Czech Government attempted to institutionalise the short-time work scheme by turning it into a permanent policy measure financed by the social insurance instead of being financed as an active labour market

policy or as a part of the *Antivirus* programmes reacting merely to the current labour market situation.

The Amendment of the Act on Employment to establish a permanent short-time work scheme was adopted by the Czech Government in September 2020. In October 2020, the Amendment was adopted in the first reading by the Lower House of the Czech Parliament. The attempts to adopt the STW schemes in the legislative process were blocked by the disputes between the coalition parties² about the levels of the replacement rate. In July 2021, both chambers of the Czech parliament approved the STW scheme as a permanent measure that would be activated provided that certain industries or the whole Czech economy is negatively affected as a result of a pandemic, natural disaster or another extraordinary situation. 80 per cent of the average wage will be compensated if the employer does not assign tasks to the employees that amount to 20-80 per cent of the weekly working time.

Regarding the tripartite discussion about the STW schemes, in December 2020, representatives of trade unions and employers' associations jointly called on lawmakers to adopt the STW scheme given that the *Antivirus* programme could run for a maximum of one year (initially until December 2020), at which point compensation to employers would end.³ According to the representatives of both the trade union and employers' association, the two sides found a consensus and got inspired by the German model of STW. In this respect, to demonstrate the consensus over the STW scheme, the trade unions and employers' associations utilized the media channels. According to the representative of the trade union at the tripartite level, the discussion over adopting a STW scheme as a permanent measure has been shaped by the automotive industry which resulted in policy proposals.

Hungary

Unemployment benefits and short time work schemes during the pandemic crisis

In Hungary, job seekers are entitled to the unemployment benefit if they have worked at least 360 days within the last three years before losing their job. At the same time, job-seekers are entitled to the 1 day's unemployment benefit for every 10 days worked. The unemployment benefit in

² The Minister of Finance is a member of the ANO party, while the Minister of Labour is affiliated with the Czech Social Democratic Party.

³ Statement of OS KOVO, available at: <https://www.oskovo.cz/aktuality/odbory-i-zamestnavatele-chteji-kurzarbeit-od-1-ledna>

Hungary is paid for a maximum of 90 days which is one of the shortest durations in the EU.⁴ The level of the unemployment benefit is 60 per cent of the previous average wage calculated on the basis of the average wage in the four calendar quarters preceding the loss of the job. The amount of the support cannot be higher than 100 per cent of the minimum wage. If the job-seeker has worked for more than one employer in that time, the amount of the allowance is calculated on the basis of the average pay received from all the employers. Also, if the job-seekers' average wage cannot be determined, the amount of the allowance is calculated on the basis of 130 per cent of the national minimum wage.

The unemployment benefit scheme in Hungary is regulated by the Act on Social Security which was in July 2020 replaced the Act CXXII of 2019 on Entitlements to Social Security Benefits and on Funding These Services. The newly adopted Act introduces one single social security contribution (18.5 per cent) which assumes to reduce administrative burdens by replacing a fragmented system of several social security contributions including health care and unemployment insurance contributions.

During the first wave of the crisis, the Hungarian Government introduced several measures to mitigate the impact of the pandemic on the economy including a STW subsidy to retain jobs which was adopted by the Government Decree no. 141/2020 on the support for reduced working time which might be activated in case of emergency. The subsidy was in place until the end of August 2020 providing support to workers whose working hours were reduced at least by 15 per cent but not more than 75 per cent in the event of an emergency caused by adverse economic impact of the pandemic. The STW scheme was not extended, nevertheless, the Hungarian Government adopted the Government decree no. 485/2020 which introduced sector-specific short-time work subsidies to the culture and hospitality industry (György 2021).

The role of social partners

The respondents from both the trade union and employers' association at the national level stipulated that social partners were poorly involved in social dialogue on the adoption and

⁴ Source: <https://www.oecd.org/newsroom/hungary-reforms-to-raise-productivity-would-strengthen-recovery-from-covid-19-says-oecd.htm>

implementation of the measures mitigating the effects of the pandemic. As claimed by the representative of the trade union, the Fidesz-led government with a strong mandate insufficiently engaged in the discussion with social partners while most of the anti-pandemic measures and legal modifications were adopted without a proper discussion at tripartite level arguing that the crisis required quick actions. Thus, according to the trade union representative, the pandemic highlighted the limitation of social dialogue in Hungary and the pandemic situation was used as an excuse to adopt labour market measures without consulting the social partners.

The Act on Strike was identified by the representative of the trade union as a main obstacle for planning and implementing industrial actions. The Act on Strike (in force since 2011) stipulates that strikes are lawful only if both employers and trade unions make an agreement on the minimum level of services to be provided before the strike takes place. If they fail to agree, employers and the governing body may turn to the Labour Court, which has the power to overrule the strike action based on the assumption that the public services may be adversely affected by the strike. According to the trade union representative, such a provision undermines the role of industrial relations and the role of trade unions particularly. The trade union representative furthermore reported that large companies were likely to terminate or not to prolong company-level collective agreements which further aggravates the working conditions and jeopardize protection of working rights.

The representative of the trade union stated that the unions promoted a set of anti-crisis measures, including the increase of the unemployment benefits and to extend the duration of the STW subsidies. Nevertheless, the trade unions failed to promote any policy change. The representative of the employer's association claimed that at tripartite level, the employers attempted to advocate for a sustainable *Kurzarbeit* scheme that would be embedded in the legislation. The representative of the trade union as well as the employers' association criticized that the STW support was provided after a long delay and the implementation was troublesome and complicated.

The trade unions launched several protests reacting to policy reforms conducted by the Hungarian Government such as the transformation of the status of civil servants in the governmental institutions and a lack of involvement of tripartite partners in the policy discussion about these reforms. According to our respondents, the protests did not bring any considerable changes and further eroded channels of negotiations.

According to Hárs (2021), the notion of 'work-based society' shaped the policy discussion over anti-pandemic measures and, as a result, the Hungarian government did not adopt generous policy measures to strengthen the safety net or to improve working conditions in a significant way.

Poland

Unemployment benefit scheme and short time work mechanisms during pandemic crisis

The unemployment benefit system in Poland was set up as a need to organize the unemployed people during the economic transition in the 1990s. The initial benefits were characterized by the availability of multiple allowances combined with highly flexible eligibility criteria (Spieser, 2007). Later on due to the sudden increase in unemployment and deepening public deficit, the criteria were becoming more stringent. The European Committee of Social Rights (2014) found a "exceptionally high" number of violations of the European Social Charter. In Poland, in the area related to the labour market, two irregularities were pointed out: low unemployment benefits and shortening their duration from 18 to 6 months.

In the European context, Poland is a rare case of unemployment benefit system. The amount of the allowance is not linked to previous earnings (and contribution to unemployment insurance) but to the status of unemployment and the length of the years in service. The conditions for unemployment benefit allowance are defined in the law on promotion and employment and labour market institutions, adopted in 2004 and amended several times since then (Act no.99/2004, Coll).

During the pandemic, new regulations have entered into force, introducing a new benefit the so-called the 'solidarity allowance'. Starting from June 2020, the people who have lost their jobs during the pandemic could apply for a solidarity supplement of PLN 1 400 (approximately 350 EUR) per month for a maximum of three months (ZUS, 2020). The solidarity cash benefit, however, functioned in parallel to the regular unemployment compensation scheme that has been amended too. Particularly, the volume of the unemployment allowance was increased in two time slots: in June 2020 it was increased from 861 PLN (187 EUR) to 881 PLN (191 EUR), and in September 2020 to 1240 PLN (272 EUR) (Aidukaite et al., 2021). This has been the first significant increase of the unemployment benefit since 2014.

Apart from unemployment-related measures, in April 2020, the Polish government adopted a legislative package aimed at counteracting the socio-economic effects of the pandemic, called 'Anti-Crisis Shield'. The employment protection measures were available for employers who suffered difficulties due to the outbreak of Covid-19, namely a decrease in sales a) by at least 15 per cent compared to the two consecutive months in 2019 or b) by at least 25 per cent compared to the previous month in 2020. In the first case, employers could have either reduced the working time (by

20-50 per cent), or halt the operation. In case of a working time reduction, employers are entitled to apply for wage subsidies up to a maximum of 50 per cent of the reduced wage paid from the Guarantee Fund. In the second case, employers may ask for a contribution of up to 50 per cent of the minimum wage. The overall wage compensation must be at least equal to the minimum wage, while the employer's wage contribution may not exceed 40 per cent of the national average wage in the country. Furthermore, these aids were secured by the prohibition of dismissal of workers; in case of a breach of the ban, employers must return the funds received (Interview, 2021; Surdykowska 2021).

The role of social partners

From the beginning of the pandemic, social partners in Poland were not able to actively engage in an intensive social dialogue leading to national-level agreements. This can be explained by two reasons. First, the government attempt to reduce the social partners' influence over the policy-making process by introducing amendments on the functioning of the social dialogue, which allowed the Prime Minister to dismiss members of the tripartite council⁵. At the same time, the government did not initiate regular meetings of the tripartite committee under the pretext of the adverse pandemic situation, neglecting alternative channels used in the majority of European countries such as online assemblies.

To address the adverse effects all social partners worked together to produce a joint statement objecting the state action and initiated protests. The governmental proceedings attracted foreign attention, receiving heavy criticism from the European Commission and European and Polish social partners for using the pandemic to limit social dialogue in Poland (Rogalewski, 2020). Following union protests, the regulation was removed from the draft before submission to parliament, nevertheless even against the opposition in Senate, the Sejm adopted the amendments. While the acts have not yet been activated, interviewed social partners mentioned that ever-since the negotiations with the state are carried out in a spirit of great uncertainty. Regarding tripartite meetings, social partners made an appeal in the form of letters to the Polish Government in order to

⁵Article 85 of the Act on Special Solutions Related to the Prevention, Counteracting and Combating of Covid allows the prime minister to dismiss members of the council during the state emergency. Article 46 (without time limit) allows him to do so under two circumstances: if members of the Council co-operated with the Communist security authorities under the former regime or when they are engaged in inappropriate actions against the council which was unable to conduct transparent, substantive and regular dialogue among workers and employers' organisations and the government side.

renew social dialogue meetings. A first online gathering took place in August 2021 and this virtual format continues until now.

At the outset of the presidential campaign, national trade unions were able to draw the attention to the long-term problem of extremely low and strict unemployment benefits. Prior to the government draft on the unemployment support scheme, the use of media occurred as a strategic dimension of union political opportunity „*making the issue visible, as visible to public, as for President and the elections*” (Interview, 2021).

When framing the media debate, trade unions had to divert from rhetoric of government using „*the low unemployment as a gesture of strong state*”. They relied on a strategy of best examples, pointing to structural features applied in Western European countries such as Germany, France or Belgium, where unemployment benefits are not lower than 60 per cent of the previous wage. All three main union confederations (OPZZ, FZZ, Solidarność) cooperated to increase the volume of unemployment benefits. Moreover, the union OPZZ had sought to make use of their network embeddedness and consulted the left-wing MEP’s. This resulted in drafting a law on crisis benefits, submitted to the Senate. Even though it did not become effective, it had put pressure on the Government. On 1 June 2020, the Government adopted a regulation on solidarity supplement and its extension in the form of an increased unemployment allowance that came in effect in September 2020. Even though the increase seems quite large, the level of the regular unemployment benefits in Poland was (and still is) very low, as pointed out by one of the trade unions which also emphasized that self-employed or people under civil law contracts, have been granted with much higher compensation for lost income.

The interviewed union representatives considered the changes in unemployment benefits as success. They are, however, not likely to lead to a broader social reform, partially because trade unions disagree about the unemployment benefit fundamentals. While OPZZ emphasizes that unemployment benefits should be tied to wages (at least 50 per cent of the previous salary in line with ILO Convention 168), NSZZ Solidarność further aims at the increase in volume in flat fashion.

Slovakia

Unemployment benefits and short time work mechanisms during pandemic crisis

In historical perspective, the unemployment benefit system in Slovakia has been subject to a high number of flexible adjustments, rather than complex reforms. Except for the pre-EU accession social reform in 2003, there have been several legislative amendments adjusting the eligibility

criteria, benefit size and duration of support following the trend of gradual reduction. This is because of the growing uncertainty at the beginning of the transition period left the initial unemployment criteria generous following a broad definition of unemployment with room for further modifications.

In Slovakia, an entitlement to unemployment insurance arises from the right to work defined by the Constitution (Act no. 460/1992 Coll). The unemployment insurance is regulated by Social Insurance Act (no. 461/2003 Coll) and Employment Service Act (no. 5/2004 Coll). Over the years, both Acts went through several legislative amendments (in 2011, 2013, 2018), however, the period since March 2020 accounts for 10 revisions of the Social Insurance Act. In less than a month after the first case of Covid-19 was reported, the Slovak government adopted a revision of the Labour Code (Act no. 66/2020 Coll), which authorized the government, if necessary, to regulate the unemployment allowances during the period of emergency. Since then, the government could adopt temporary adjustments in unemployment benefits. Throughout the state of emergency, the duration of the unemployment benefit has been extended four times following the end of the normal period of benefits by six months.

Apart from enhanced unemployment benefits, wage subsidies emerged as an effective policy tool to mitigate adverse implications of the pandemic on the Slovak labour market. These simplified STW mechanisms were adopted under the governmental “First Aid” packages⁶ targeted at employers and self-employed. While similar temporary tools were already used to mitigate the effects of economic crisis in 2009 (e.g., flexikonto), the recent pandemic allowances for preserving jobs during pandemic were far more generous. As for the STW schemes, the employers could apply for financial support of up to 80 per cent of the average wages of the employees, who are unable to work due to pandemic restrictions adopted by the Slovak health authority, or due to decline in company’s revenues (Kováčová 2021). The economic measures were in effect until June 2021. As of August 2021, the financial allocation is linked to the epidemic situation calculated by the Covid automat.

The role of social partners

Since the eruption of Covid-19, the macro level of industrial relations has emerged as a significant area of social partners’ interventions. The pandemic had its breakthrough at the same time as the newly elected government took over the long-lasting rule of the social democratic party Smer SD which led to a turbulent period for Slovak social partnership.

⁶ Including the revisions First Aid +, First Aid +++. These packages included different measures mitigating the effect of the crisis, such as wage subsidies for employees with reduced working hours (STW policies) but also financial aid for the self-employed and employers whose business operations were restricted due to economic downturn or government order.

Under the threat of rising unemployment due to the dependence on highly globalized sectors, the government took fast action against the Covid-19. The majority of the labour-related measures were adopted in a fast-track legislative process without tripartite consultations. To compensate for this limited involvement in policymaking, both employers and the trade union confederation have developed their political opportunities through alternative channels. The Confederation KOZ SR (Konfederácia odborových zväzov) launched online campaigns and addressed letters to representatives of the State. However, more importantly, after a long period of social peace, KOZ SR initiated a nation-wide protest march, adding to the mobilization capability of the confederation. National employers' associations, on the other hand, worked on many occasions together in order to secure 'a greater voice'. They used their established presence in the media sending a clear message to the incoming government that social partners must be included in the discussions. One respondent mentioned that they find tripartite rules formal and inflexible, therefore they have bargained for a seat in alternative governmental organs such as Pandemic Commission or Crisis Staff with more opportunities to influence pandemic policy making.

Pressed by the action of social partners, in May 2020 Minister of Labour Krajniak held the first tripartite meeting and projected a potential model of *Kurzarbeit*. All respondents stressed that the idea of implementing *Kurzarbeit* has occurred on many occasions, however, it was the limited scope of the job protection measures in the context of the pandemic crisis that has triggered a discussion about its implementation as a law. According to the representative of the biggest employer association, an extensive debate over its design took place among all social partners in the working group established by the Ministry of Labour. However, the employers' organization representing automotive companies have played a pivotal role in the implementation of *Kurzarbeit* as already they tried to open the discussion on many occasions in the past.

Once the new government got on track, it introduced a minimum wage policy that led to a suspension of meetings because KOZ SR objected this initiative as 'unlawful' and decided to leave the tripartite meetings in August 2020. According to the representative of one employer association "the cooperation had to go on" and therefore the labour-related issues were negotiated between employers and the Ministry of Economy in Economic Crisis Staff. Deepening conflict between the trade unions at the national level on one side, and the Government and employers' associations on the other has resulted in Government attempts to diminish the role of the union confederation by amending the Labour Code. The amendments alleviated the condition of representativeness, allowing additional organisations to participate in national level social dialogue. The amendments in

the Tripartite Act have changed the balance of power among actors with the new confederation Common Slovak Unions (Spoločné odbory Slovenska) joining the tripartite National Economic and Social Council.

With only limited effectiveness of the protests but more importantly with the vision of adverse governmental actions towards unions in the future, Confederation KOZ SR decided to re-enter the tripartite meetings in February 2021 (Interview, 2021). Once the tripartite meetings restarted, a law on support during STW (i.e., *Kurzarbeit*) was negotiated. First, both union confederation and employers' associations were critical of the government's execution of the law. The confederation KOZ SR highlighted the two-year-old average wage as a reference point for the calculation of the maximum allowance, pointing to the fact that such a figure may reduce the maximum entitlement compared to the actual one. The three employers' associations that were most engaged in the discussions about the *Kurzarbeit* law raised the following controversial points: a) exclusion of self-employed from the law, b) proposition of new financing tool while the existing unemployment insurance fund shows a long-term surplus c) an unclear definition of the "external factor" as a trigger for applying the law. Following the standard comment procedure including all social partners, in May 2021, the Slovak Government approved the law on permanent *Kurzarbeit* in form of a compromise. While the establishment of new insurance fund⁷ did not result in increase of social contributions paid by employers, the self-employed were not covered by this legislation. Despite their generally limited say in UBS and pandemic policy making, social partners found the tripartite negotiations productive as they led to an institutionalization of long-debated the short-time work scheme. The law is to become effective in January 2022.

⁷ The so-called "Employment Retention Fund" (effective from January 2022) is a new insurance fund established in addition to unemployment insurance fund. It has been proposed without increasing the current contribution burden of the employer and the employee, by reducing the unemployment insurance premium due to the long-term surplus of the unemployment insurance fund.

4 Discussion and conclusions

This paper sheds light on the role of industrial relations in unemployment benefit systems and short time work schemes in the Visegrad countries, Czechia, Hungary, Poland and Slovakia, during the Covid-19 pandemic. The empirical analysis sheds light on the diverse roles of social partners in shaping unemployment benefit schemes across the four Visegrad countries during the Covid-19 pandemic. In general, we find that involvement of social partners was to a large extent shaped by the limited political opportunities that trade unions and employer associations faced in national policy-making infrastructures throughout the pandemic. Based on our analysis, in Table 2 we summarize the roles of social partners in shaping UBS during the Covid-19 pandemic in the four Visegrad countries.

Table 2. Summary of social partners' roles

	<i>Czechia</i>	<i>Hungary</i>	<i>Poland</i>	<i>Slovakia</i>
<i>UBS</i>	No changes in unemployment benefit schemes, the government focus rather on incentives supporting partial unemployment in the form of wage subsidies	The unemployment benefit scheme neglected by the government	June 2020: New benefit “ Solidarity allowance ”- a cash benefit for the people who have lost their jobs during the pandemic (PLN 1 400 per month for a maximum of three) June 2020/September 2020: increase in the volume of the unemployment allowance from 861 PLN (187 EUR) to 881 PLN (191 EUR), and additionally to 1240 PLN (272 EUR)	Since April 2020: series of unemployment allowance prolongation ; the Amendment of Labour Code gave the government right to adjust unemployment allowance criteria during state emergency; unemployment allowance prolonged five times
<i>Social partners position</i>	Social partners critical, trade unions advocate for increase in unemployment allowance	Social partners critical, trade unions advocate for increase in unemployment allowance (no outcome)	Government-led initiative, trade unions active advocates for increase in unemployment allowance	Government-led initiative with no social partners consultation, trade unions in favour

Source: Authors

In the Czech Republic, we found no changes in the unemployment benefit scheme or STW in the government’s labor market responses to the pandemic. There was consensus among social partners to adopt an STW scheme as a permanent measure, the bulk of the disputes being among political parties in the Babis' government rather than among the social partners. The policy discussions were shaped by the notion to retain the low unemployment rate and to prevent layoffs rather than make changes in the benefit schemes.

The political opportunities of social partners in Hungary have been evolving adversely for the last couple of years and the pandemic represented period during which government attempted to further limit their influence on policymaking. The involvement of social partners in the policy discussion about anti-pandemic measures was therefore very limited. In Hungary, no change in the unemployment benefits scheme was implemented; according to the stakeholders interviewed it remained insufficient in terms of its size and the very short duration in comparison to similar EU countries. The negotiation and communication channels remain eroded, undermining trade unions' efforts to promote any changes in unemployment benefit schemes. As concerns the overall institutional and legislative setting, the legislation on strikes further undermined the role of industrial relations and especially trade unions. Finally, the pandemic showed that the overall deterioration of industrial relations in the country over the past decades disabled several instruments, such as collective agreements, to serve as mechanisms of adjustment and protection of employment and workers in times of a crisis.

The labor market in Poland did not deteriorate as dramatically during the Covid-19 pandemic as it did in many other European countries. Similarly to the rest of the Visegrad counterparts, social dialogue was side-lined as the government initiated adverse policy action towards social partners. Yet, unlike the other Visegrad counterparts, some changes have been achieved at the UBS front, namely a permanent increase in the size of unemployment benefit. The results of our analysis are therefore mixed. On the one hand, trade unions displayed substantive resistance towards their exclusion from the policy-making process, including national-level social partners' protests against some new regulations. Interestingly, this adverse situation has to some extent fostered an increased sense of belonging to trade unions and perhaps undone the perception of Solidarnosc as an ally of the ruling party by the other trade unions.

On the other hand, to achieve significant impact on the UBS, trade unions' action during pandemic was bounded to the specificity of crisis. Unions have sought to gain public support through extensive digital outreach, and used various, but mostly traditional action tools such as collaboration with left-wing political parties, selective coordination between trade unions, and sharing good practices about unemployment benefit levels across EU states. However, no broader reform in UBS was achieved by using these practices, mainly because two biggest trade unions did not share the same vision on how unemployment allowance should be calculated. Nevertheless, the pandemic served as a trigger for increasing union membership which had been declining since the 1990s.

In Slovakia, tripartite meetings did not take place since 4th of April 2021, and the government did not consult social partners on the UBS in this format. This left trade unions and employers' associations with little scope to influence the design of the UBS. As a result, social partners acted outside of the usual tripartite instruments of policy action and developed alternative initiatives to attract public attention, mainly through social media presence (podcasts, social media channels, online gatherings etc.). In contrast to the other Visegrad countries, where mobilization capability of trade unions was limited due to the Covid-19 disruption, the union confederation in Slovakia organized several nation-wide protests throughout the whole pandemic period. Our analysis shows that while the initiatives by social partners did in fact win significant attention of the public, the room to intervene in pandemic policymaking remained largely limited to the role of passive consultants rather than active negotiators. While a constructive dialogue between social partners could be observed in the implementation of permanent *Kurzarbeit* in Slovakia, it is important to mention that the discussion among the social partners and the government started already before the pandemic (spearheaded by employers in the automotive sector). Nevertheless, the pandemic crisis was critical for the launching and institutionalization of a *Kurzarbeit* scheme in Slovakia.

Overall, our findings uncovered interesting commonality in all the Visegrad countries: in the times of significant labour market disruption during the Covid-19 pandemic, national governments sought to make use of protectionist measures rather than reform existing unemployment support infrastructures. Even though the central governments (except for Hungary) took unilateral decision to increase benefit for people who lost their job because of the pandemic, the adopted changes were superficial and did not include consultation with social partners. On the contrary, all countries followed the path of subsidizing employment- a policy initiative in which government actively engaged with social partners and which resulted in institutionalization of short-term work mechanism in Czechia and Slovakia.

In general, social dialogue and industrial relations, weakened during the decades of transition of these countries to market economies, generally did not feature the necessary instruments and political capital to significantly affect the policy choices implemented. Our findings confirm that the position of state in social policy field remains very strong and shapes the dynamics of industrial relations, namely trade union engagement in shaping unemployment benefit schemes. The inability to trigger a reform of the UBS throughout the pandemic crisis thus further questions the capacity of trade unions to have a significant impact on labour and industrial relations policies. The analysis demonstrated that in the adverse context of the pandemic, trade unions in Visegrad countries

wielded those instruments that were available to them, often in non-standard, non-institutionalized mechanisms. While such strategies helped them to raise the issues and to some extent strengthened their immediate capacities, they had no direct effect on unions' inclusion in social policy negotiations with the government.

Based on these findings, to increase their effectiveness in shaping UBS, trade unions should invest in mobilizing their power resources in already established institutions of industrial relations where actions are more concentrated, such as collective bargaining institutions. While considering that collectively negotiated benefits might be less consensual among social partners and more selective in contrast to social provision provided by nationwide institutions (Trampusch, 2007), they may represent a way to stabilize the social policy areas in Visegrad countries that have been shaped by the historical trajectories of the government's behaviour in industrial relations. For trade unions, such new opportunity structure might represent a way to recruit members and revitalize organizational resources (Madsen, 2003). Nevertheless, further studies should explore applicability of and the IR actors interest in collectively negotiated benefits in order to understand how industrial relations affect the development of welfare states in Visegrad countries.

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Table 3: Summary of interviewees by a type of stakeholders and a country

Country	Type of a stakeholder	
	Employers' association	Trade unions
Czechia	One representative of the employer association at the national level and one representative of the employer association at the sectoral level	One representative of the trade union at the national level
Hungary	One representative of the employer's association at the national level	Two representatives of a trade unions at the national level (a group interview)
Poland	One representative of the employer's association at the national level	Two representatives of a trade union at the national level
Slovakia	Two representatives of the two employer's association at the national level	One representative of the employer's association at the sectoral level

Source: Authors