



# Capacity building for social dialogue at sectoral and company level

Lithuania

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This report is available in electronic format only.

## Introduction

This paper analyses the current situation and future perspectives of social dialogue capacity building at sectoral and company level in Lithuania. This project is managed by the European Foundation for Improvement of Living and Working Conditions and is a continuation of the Social Dialogue Capacity Building project undertaken in 2005. This project, however, focuses mainly on sectoral and company level developments.

Currently there are three central trade union organisations (Lithuanian Trade Union Confederation (Lietuvos profesinių sąjungų konfederacija, LPSK), Lithuanian Trade Union 'Solidarumas' and Lithuanian Labour Federation (Lietuvos darbo federacija, LDF)) and two central employers' organisations (Lithuanian Confederation of Industrialists (Lietuvos pramonininkų konfederacija, LPK) and Lithuanian Business Employers' Confederation (Lietuvos verslo darbdavių konfederacija, LVDK)) operating in Lithuania. Affiliates of LPSK, LDF and LPK are mostly sectoral organisations, whereas affiliates of 'Solidarumas' and LVDK are regional.

Despite the sectoral structure characteristic of central employers' and trade union organisations, sectoral social dialogue is underdeveloped in Lithuania. Though Lithuanian laws provide for the possibilities of social dialogue at sectoral level underpinned by strong legal powers, just one sectoral collective agreement in agriculture was registered in Lithuania in September 2005 so far<sup>1</sup>. According to trade union representatives, the basic reasons for underdeveloped sectoral cooperation of social partners in Lithuania include weak sectoral employers' organisations (or in some cases the non-existence of such organisations at all), absence of relevant powers and the unwillingness of employers' organisations to assume more obligations. On the other hand, employers think that similar problems are characteristic of trade union organisations: they say it is often difficult to find an equal partner for bargaining<sup>2</sup>.

Social dialogue is best developed at company level. Collective bargaining and collective agreements are a feature of all companies where trade unions are present. According to individual estimates, there could be about 1,000-1,500 company level collective agreements currently valid in Lithuania (Blaziene, 2005). Coverage of such agreements is not wide: according to individual estimates, they could cover 10-15% of the total number of employees in Lithuania. Social dialogue takes place and collective agreements are signed mostly in big Lithuanian companies. The adoption of the Law on Work Councils in October 2004 should contribute to the improvement of social dialogue at company level<sup>3</sup>.

Within the framework of this project special questionnaires have been developed for employers and employees' organisations, and representatives of central employers and employees' organisations have been interviewed on the basis of the mentioned questionnaires. One representative from each organisation was interviewed during the questioning; five persons in total (see Annex 1). Respondents' answers have been used as a basis for this report on the sectoral and local social dialogue capacities. The report consists of the introduction, five chapters and annexes.

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<sup>1</sup> Collective agreements of some monopolies (Lithuanian Railways, Lithuanian Telecom, etc.) could be in principle considered as sectoral collective agreements. The agreement signed by the Lithuanian Education Workers Trade Union and the Ministry of Education and Science is also worth noting, as it can also be considered as a sectoral collective agreement in that it sets forth a number of particular issues regulating working hours and rest-time conditions of education staff.

<sup>2</sup> Blaziene I. Social Dialogue Capacity Building in Lithuania: Approach of Trade Unions and Employers Organisations. – Project of European Foundation for the Improvement of Living and Working Conditions (Ireland) and Work Life Development Programme (Sweden), 2005.

<sup>3</sup> According to the National Labour Inspectorate (Valstybinė darbo inspekcija, VDI) ~10% of companies inspected by the VDI in 2005 had work councils. Though more specific information about their functions and roles in the companies has been unavailable so far, the establishment of works councils will probably promote social dialogue at company level in the country.

## Sectoral social dialogue capacities

### Main actors

As it was mentioned before, affiliates of LPSK, LDF and LPK are mostly sectoral organisations, whereas affiliates of ‘Solidarumas’ and LVDK are mostly regional. The number of sectoral member unions/affiliates of central organisations of trade unions and employers is shown below (see Table 1).

Table 1: Sectoral member unions/affiliates of central organisations of trade unions and employers <sup>4</sup>

	All sectors	Industrial sector	Service sector	Public sector <sup>5</sup>	Agricultural sector
LPSK	26	8	8 <sup>6</sup>	9	1
Solidarumas	9	3	3	3	0
LDF	10	2	1	6 <sup>7</sup>	1
<b>All trade unions</b>	<b>45</b>	<b>13</b>	<b>12</b>	<b>18</b>	<b>2</b>
LPK	38	25	13	0	0
LVDK	-	-	-	-	-
<b>All employers</b>	<b>38</b>	<b>25</b>	<b>13</b>	<b>0</b>	<b>0</b>

Source: survey of central organisations of employers and trade unions

As we can see from the data above, about 40% of sectoral trade unions are comprised of public sector trade unions. Most employers (LPK) belong to the industrial sector. LVDK has only regional structure.

There are no special provisions for the recognition of member organisations as representative organisations at national level. All interviewed TU organisations said their sectoral member organisations are *representatives at national level* (one of the arguments was that they have nationwide registration). In their turn, employers singled out 15 sectoral member organisations recognised as representative employer organisations at national level (12 of them were attributed to the industrial sector, three to the service sector).

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<sup>4</sup> Precise information on distribution of sectoral trade unions and employers’ organisations among economic sectors is presented in Annexes No. 2 and No. 3.

<sup>5</sup> Including public services (e.g. health, education, etc.).

<sup>6</sup> Some of them could be attributed to the public sector (e.g. Lithuanian trade union federation of public service, Lithuanian federation of roads and transport workers trade unions).

<sup>7</sup> Some of them could be attributed to the service sector (e.g. Lithuanian transport federation unites some private taxi drivers, etc.).

<sup>8</sup> ~30-40 different professional associations are members of LVDK, however they are not treated as ‘sectoral member organisations’.

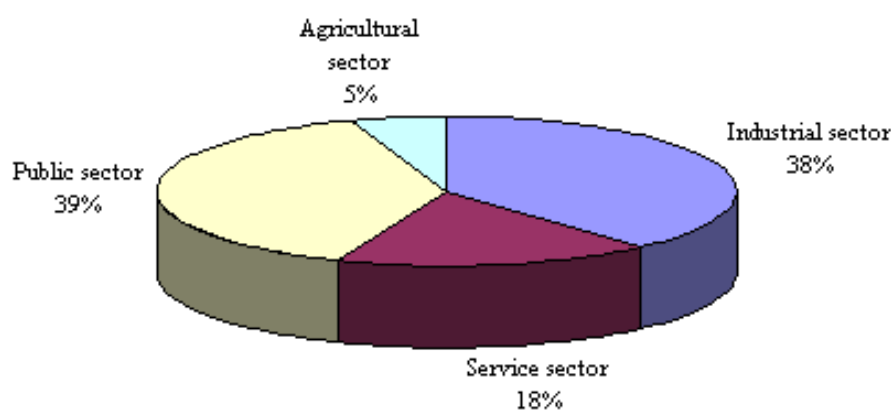
Below we present information (in some cases – rather rough) on trade union members of sectoral organisations (see Table 2).

Table 2: *Members of sectoral member unions/affiliates of central organisations of trade unions and employers*

	All sectors	Industrial sector	Service sector	Public sector	Agricultural sector
LPSK	100,000	35,000	21,000	38,000	6,000
Solidarumas	13,200 <sup>9</sup>	8,800	1,200	3,200	0
LDF	12,700 <sup>10</sup>	4,500	300	7,400	500
<b>All trade unions</b>	<b>125,900</b>	<b>48,300</b>	<b>22,500</b>	<b>48,600</b>	<b>6,500</b>

Source: *survey of central organisations of employers and trade unions*

Figure1: *Distribution of members of sectoral organisations of trade unions by main economic sectors (%)*



Source: *survey of central organisations of employers and trade unions*

As one can see from the Figure, sectoral trade unions have most of their members in public and industrial sectors.

LPK declares having 2,500 enterprises as members of sectoral member organisations. They do not have precise information on the distribution of enterprises by the sectors. According to LPK, about 80% of enterprises belong to the industrial sector and approx. 20% – to the service sector.

This means that trade unions should look for the partners for social dialogue in LPK settings or public institutions.

Table 3: *Membership developments of sectoral trade unions' organisations since 2000*

	All sectors	Industrial sector	Service sector	Public sector	Agricultural sector
LPSK	<b>Decreasing</b>	Decreasing	Decreasing	Decreasing	Decreasing
Solidarumas	<b>Decreasing</b>	Decreasing	Decreasing	Decreasing	-
LDF	<b>Flat</b>	Flat	Flat	Flat	Decreasing

Source: *survey of central organisations of employers and trade unions*

<sup>9</sup> Total number of Solidarumas members – 50,000.

<sup>10</sup> Total number of LDF members – 20,000.

All in all, trade union membership has been decreasing over the last several years in Lithuania, as it has in other EU countries as well.

Situation is similar in employers' sectoral organisations: since 2000 membership in LPK has been slightly decreasing. The decrease was mainly determined by the fact that several associations have withdrawn from LPK.

**Organisational and financial capacities**

Broadly speaking, the questioning showed that sectoral member unions/affiliates of central trade unions and employers organisations have too little personnel resources. In addition, central employers' organisations offered little information related to personnel resources of their sectoral member unions/affiliates. Representatives of Solidarumas and LDF, too, were able to give only approximate numbers of employees at their sectoral secretariat offices. Data about the employees employed by the offices of the sectoral member organisations, as collected during the survey, is presented below (see Table 4).

Table 4: *Number of employees employed by the offices of sectoral member unions/affiliates*

	Industrial sector	Service sector	Public sector	Agricultural sector	All sectors
<b>Trade unions</b>					
LPSK	19	17	43 <sup>11</sup>	3	<b>82</b>
Solidarumas <sup>12</sup>	0(21)	0(21)	0(21)	-	<b>0(63)</b>
LDF <sup>13</sup>	4	2	12	2	<b>20</b>
<b>Employers</b>					
LPK <sup>14</sup>	75	39	-	-	<b>114</b>
LVDK	-	-	-	-	-

Source: *survey of central organisations of employers and trade unions*

Almost all interviewed representatives of central trade union organisations described their sectoral member unions/affiliates as having *great lack of personnel resources* as well as *great lack of skilled personnel for engaging in collective bargaining*. Such a situation is basically determined by insufficient financial resources of sectoral organisations, because most of membership fees are retained by the local (enterprise level) trade union. Insufficient financial funds usually limit the sectoral administration to two persons – chairperson and bookkeeper. It is a rare case when there is at least one sectoral expert. Some sectoral administration staff in sectoral member organisations (particularly, in Solidarumas and LDF) work on a voluntary basis and, thus, is unable to devote enough time and efforts for this work.

<sup>11</sup> Twenty employees are employed by the office of Lithuanian education employees trade union and seven by the office of Lithuanian trade union of constables and police employees only.

<sup>12</sup> Sectoral member organisations of ‘Solidarumas’ do not have ‘employees employed by the offices’. There is only a kind of board, usually consisting of 6-7 people, elected by affiliates, comprising sectoral organisations.

<sup>13</sup> Rough estimations, calculated presuming that each sectoral member organisation has two employees on the average. Some of those employees are working on voluntary basis.

<sup>14</sup> Rough estimations, calculated presuming that each sectoral member organisation has three employees on average.

As we can see from the questioning of the central trade union organisations, there are quite big differences in some sectors: the sectors which retain the bulk of membership fees are stronger, employ more staff members and experts, are able to provide trade unions of enterprises with high-quality assistance (the same applies to the biggest and largest in number sectoral trade unions), while other sectoral administrations are rather formal and weak.

Speaking about qualifications and capacities of personnel of sectoral organisations, representatives of the central organisations frequently mentioned such problems as insufficient qualifications of the administrations of sectoral organisations, ridiculously low number of employees, particularly lawyers, economists and negotiators

As for the expected changes in this area, it's worth noting that in the beginning of 2006 LDF took a decision to fund one office in the administration of each sectoral organisation (it's up to the sectors to choose what kind of administrative worker will be funded by the central organisation: whether one full-time position or two part-time positions, etc.). This is undoubtedly an appreciable incentive that should contribute to the development of sectoral social dialogue in the country.

As for *financial resources* of sectoral organisations, the usual answer of the respondents was 'have great lack of resources'. According to trade unions, the main reason for this is the above mentioned inadequate distribution of membership fees between local and sectoral organisations (for example, in LPSK, usually 80-90% is retained by the local organisation; in Solidarumas 50% is retained by the local organisation, 20% goes to the region, 20% to the centre and as little as 10% to the sector).

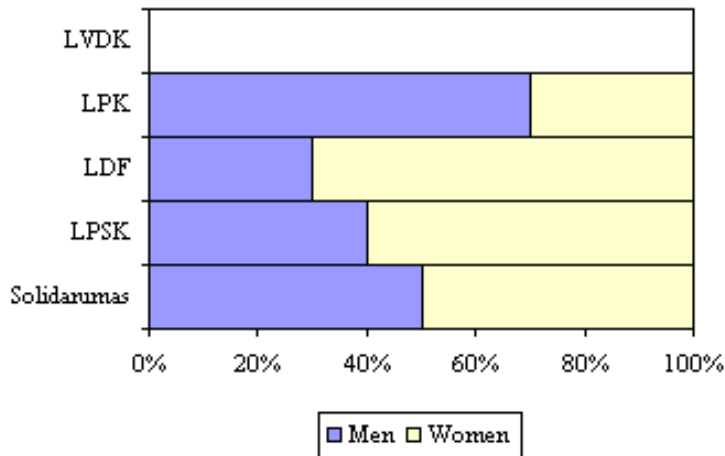
All the interviewed trade unions mentioned the existence of quite significant differences in financial resources of different sectoral organisations. For example, in LDF, the water suppliers sector is strong, because most of membership fees in this sector go to the sectoral trade union. In LPSK, the strong sectors retaining a big portion of membership fees include, for example, organisations of food producers, nurses, education employees (big numbers of members in the latter two sectors also contribute to a better financial situation). In Solidarumas, transport and energy represent the strongest sectors being largest in number.

Though in reply to the question 'Do sectoral organisations have enough resources for giving legal or any other assistance to their members' most representatives of trade unions chose *great/moderate lack of resources*, all of them pointed out pronounced differences among the sectors. Sectors with sufficient financial resources (i.e., those, where the bulk of membership fees goes to the sector or the sector has enough financial resources due to a big membership) do have skilled experts and are able to give assistance to their members. Moreover, all central trade unions organisations indicated that they (central organisations) often give legal and other assistance to their members themselves (in Solidarumas such assistance is also rendered by regional organisations). In this case, as well as in others, the respondents pointed out the existence of pronounced differences among individual sectors.

Furthermore, the interviewed representatives of employers said that their sectoral member organisations had a *great lack of resources* for engaging in collective bargaining and had a *moderate lack of skilled personnel*. Usually, sectoral member organisations of LPK lack resources to provide legal or other assistance to their members. The representatives of LPK couldn't specify the reasons for this, as they claimed having no information about financial resources of their member organisations and not knowing all the personnel of the organisations (in most cases central EO maintains contact with chairmen of associations only; central EO denied having any information about other administrative staff of the associations).

There are some differences between *gender distribution* of employees employed by the offices of sectoral trade unions and employers' organisations. Males are more often employed by employers' organisations, whereas more females are employed by trade union organisations (see Figure 2).

Figure 2: *Gender distribution of employees employed by the offices of sectoral member unions/affiliates*



Source: survey of central organisations of employers and trade unions

Such distribution of employees by gender is most probably determined by the sectoral organisation structure: if employers represent the industrial sector more often, trade unions more often represent the public sector or service sector which traditionally have a higher proportion of women.

Broadly speaking, the representatives of trade unions measured their *organisational capacities* to conclude sectoral collective agreements as moderate or poor. The main reason here, as in the cases above, is poor sectoral administrative capacity, i.e., 90% of sectoral trade union organisations either employ as few as two staff members (chairman and bookkeeper) or a sector doesn't have permanent (paid) employees on staff at all. Such a situation is characteristic of sectoral trade unions of all peak organisations.

LDF mentioned that in some sectors (e.g., water suppliers) all enterprises have signed collective agreements, and sectoral collective agreements have not been signed solely because trade unions in this sector are failing to find an employer; sectoral collective bargaining is also negotiated by the trade union of education professionals and other sectors. LPSK sectoral trade unions have signed few agreements.

LPK said it didn't collect information about industrial relations of its members, i.e., collective bargaining negotiated, or collective agreements signed, by them. In general, LPK considered organisational capacities of the sectoral employer organisations members to conclude sectoral collective agreements to be *poor*.

Sectoral member organisations of trade unions in most cases have *financial resources* other than membership fees. Usually these include various projects implemented by sectoral organisations, but such resources are not substantial and usually of a one-off nature. LPSK indicated that they received funds from the State (training of members). LDF specified that central organisation rendered some assistance to its sectoral organisations (it provided sectoral organisations with laptops, intends to assign a car for the sector which is most of all touring through the country).

LPK further pointed out that their sectoral member organisations participated in a range of projects and income from the projects comprised a part of their budgets.

## Roles and competencies

All sectoral trade union organisations claimed having a *mandate to negotiate collective agreements*; employers, however, pointed out that only a few sectors have mandates to enter into sectoral collective agreements.

Such a viewpoint of the social partners in respect of collective bargaining and entering into collective agreements probably determines the existing situation in sectors: as of now only one sectoral collective agreement has been signed and registered in accordance with the statutory requirements in Lithuania<sup>15</sup>, i.e., 2005 collective agreement in agriculture sector. One of the most frequently mentioned reasons for such a situation is the absence of a partner in a sector. All in all, *less than 20%* of Lithuanian enterprises are covered by sectoral collective agreements.

Social partners themselves measure the situation in the sectoral collective negotiation processes as *very disappointing*. Both employers and trade unions agree that the key reason for non-existence of collective bargaining at sectoral level is the lack of motivation in employers. They don't see the point of entering into sectoral collective agreements. In addition, the social partners mention the absence of a partner in the sector, lack of bargaining culture/traditions, insufficient qualifications of the sectoral administration, insufficient work with employers, insufficient elucidation thereof. The unstable economic environment was also mentioned. In the unstable economic environment employers are unsure about their future and avoid assuming more obligations in relation to their employees. According to LPK, sectoral collective agreements are simply unnecessary for employers.

Though the overall situation is assessed very negatively, all central organisations of trade unions nevertheless point out strongly expressed differences among the sectors. As already mentioned, each confederation/federation has strong and successfully operating sectors; they could be found in all three central trade union organisations in industrial, service, public and agricultural sectors. A common viewpoint expressed in questioning is that it is easier to bargain in the sectors, which are 'more stable', more sure about their future (e.g. energy, etc.).

Despite the prevailing pretty negative situation in general, the social partners are quite optimistic about the *future of sectoral collective bargaining* in the next three years. Though the actual situation is apparently of little help to support such a belief, social partners strongly believe that 'it can't be worse than it is now', so they believe that shedding light on both trade unions and employers should gradually lead to better results. Trade union representatives say that many efforts are already being made; training takes place and projects are developed to involve representatives of employees and employers. Social partners are conscious that the current economic situation and shortage of labour force in the Lithuanian labour market are very favourable for closer cooperation between employers and employees: in order to attract new employees or to keep the existing ones, employers have to ensure employees' loyalty through improvement of their economic and social conditions.

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<sup>15</sup> As already mentioned, several other collective agreements (in Education sector, Lithuanian Railways, etc.) might be treated as sectoral ones.

## Sectoral dialogue at company level

As was mentioned above, social dialogue is best developed at company level in the country. Yet, even at company level the situation is not satisfactory. As we can see from the respondents' answers to the given questions, trade unions are present in very few companies in Lithuania (see Table 5).

Table 5: *Answers of representatives from central trade unions organisations to the question 'How common is it to have social dialogue at company level?'*

	Shop steward	Trade union	Several trade unions in one workplace
LPSK	Seldom	Seldom	Seldom
Solidarumas	Seldom	Seldom	Very seldom
LDF	Seldom	Seldom	Often

Source: *survey of central organisations of employers and trade unions*

The opinion of the trade union representatives about coverage of several trade unions in one workplace in Lithuania is rather strange: the two biggest trade unions organisations say it is rare, while the smallest one (LDF) maintains that it is quite common. It is rather difficult to explain such an evaluation, however it might be explained by the fact that for larger unions competition is not so much important as for the smallest one.

In Lithuania, *setting up a trade union in a company* is regulated by legislation, particularly, by the Law on Trade Unions. According to this Law 'A trade union may be established only if it has: 1) no less than 30 founders, or if there are no less than 30 founders in the enterprise, institution or organisation, or when the founders account for no less than 1/5 of all the employees, but no less than three employees; 2) the regulations (statute) approved at the meeting; and 3) an elected governing body (a trade union shall be considered to have been established from the day when the conditions specified in clauses 1 and 2 are met)'.

According to LPK and LVDK, 10-19% of companies have trade unions operating in Lithuania. Opinion of trade unions and employers' representatives on the enterprises, which have signed collective agreements, is presented below (see Table 6).

Table 6: *Answers of representatives from central employers and trade unions organisations to the question 'How common is it to have company level collective agreements?'*

	In companies with more than 250 employees	In companies with 50-249 employees	In companies with less than 50 employees
<b>Trade unions</b>			
LPSK	40%	20%	1%
Solidarumas	15%	3%	1%
LDF	80%	Quite a lot	Seldom
<b>Employers</b>			
LPK	n.a.	Most of all	n.a.
LVDK	n.a.	n.a.	n.a.

Source: *survey of central organisations of employers and trade unions*

Data in the table above shows pronounced shortage of statistical information in the field of industrial relations in Lithuania: nobody knows and nobody has assessed the real coverage by collective agreements in Lithuania, i.e., how common it is to have company level collective agreements in different sized enterprises. Because of this we do not think it is reasonable to analyse or use this data as information reflecting the actual situation in the country. Suffice to say that the bigger the enterprise, the greater the probability of having a collective agreement signed there.

In fact, all trade unions pointed out differences existing among sectors as far as the participation in company level collective bargaining is concerned: some sectoral trade unions always participate, some of them sometimes participate, and others never do. In most cases, enterprise level collective bargaining is partaken by such sectoral trade unions, which are sufficiently strong, i.e., have their own lawyers or sufficient funds to hire the necessary experts. The central trade union organisation also quite often participates, or at least assists local trade union to participate in enterprise level collective bargaining when necessary.

On the other hand, employers indicated that sectoral employer organisation never participated in enterprise level collective bargaining.

Speaking about the future of collective bargaining at company level, respondents (both trade unions, and employers) seemed to be quite optimistic as they were in case of the sectoral level. They are positive that *collective bargaining at company level in the next three years will increase*. Among the main reasons for such a belief trade unions mentioned 'systematic efforts' in this area and valid labour law being very favourable for the development of social dialogue at company level; members of trade unions become more and more active, aware of their rights and strive to exercise them. In addition, employers are step-by-step 'getting braver' about entering into collective agreements, while members of trade unions in their turn do not make unrealistic demands of the employer.

## **Additional issues**

### **Works councils**

Unfortunately, respondents interviewed during the survey were unable to give reasoned answers related to works councils. The main reason here lies in the valid legislation whereby works councils may not be set up in enterprises with a functioning trade union. Central employer organisation didn't have any information about the coverage of works councils either. As mentioned above, according to National Labour Inspectorate, 10% of enterprises inspected by VDI in 2005 had founded works councils.

Trade unions believe that the number of works councils: 'will grow, because the valid legislation and implementing authority VDI require representation of employees in enterprises' (LPSK); 'shouldn't grow to a great extent, because this is the situation in other EU countries' (LDF). According to employers, the number of works councils should grow, because 'following the valid legislation, once a collective agreement is signed in an enterprise, it will be possible to agree on the conditions more favourable for the employer and, therefore, employers should be interested in the establishment of the mentioned councils'.

### **EU directive on Information and Consultation**

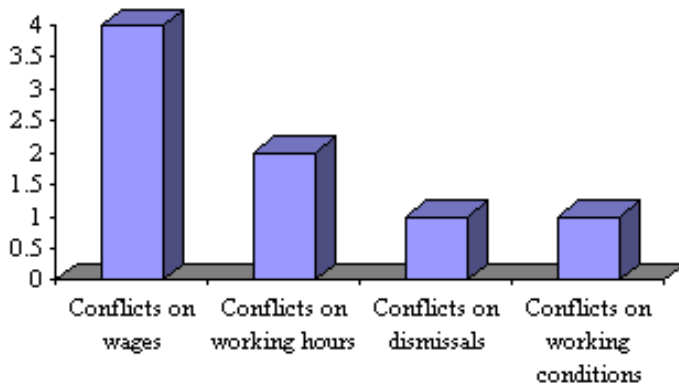
According to trade unions' representatives, it was very difficult to implement the directive. According to LPSK, though the Directive is transposed to the Labour Code, provisions thereof are not followed and respected in practice. According to LDF, employees at enterprise level simply do not know about the Directive and about their rights. However, it is believed that the implementation of the Directive will increase information and consultation in workplaces (though not so much). A required precondition for this is appropriate structures in enterprises, i.e. trade unions or works councils.

Employers claimed having no information about implementation of this Directive in Lithuanian enterprises.

### Conflicts at workplaces

Trade unions and employers viewpoints in respect of most common conflicts at the workplace are presented below (see Figure 3).

Figure 3: *Most common conflicts at the workplace*



Source: *survey of central organisations of employers and trade unions*

### Conflicts resolution mechanism

Conflicts resolution mechanism is defined in the Lithuanian Labour Code, but it is hardly used in practice. Therefore, in reply to the question about the conflicts resolution mechanism, social partners preferred the answer that *the existing mechanisms should be developed*.

## Future development

### Sectoral level

#### Trade unions

According to the representatives of central trade unions' organisations, the following is necessary in order to develop social dialogue at sectoral level:

- All 'trade union' activities should be moved from enterprise to sectoral level; the funding system should be rearranged so that only a small portion of membership fees would remain at enterprise level; collective bargaining, dispute resolution, concentration of experts should become a prerogative of a sector; enterprise should only have representatives of trade unions (LPSK);
- Sectoral administrations should be strengthened: they must have full-time, paid workers (LDF);
- The number of experts (lawyers, economists, etc.) in sectors should be increased (LPSK);
- Management should be improved (LPSK);
- When promoting the social dialogue development, cooperation among national centres is of high importance. Central trade union organisations with successfully operating sectors should share their experience. Sectors belonging to different centres should also exchange information and knowledge. Currently, despite increasing cooperation among central trade unions' organisations, the spirit of competition often predominates in sectors and enterprises (LDF).

*Employers*

Employers defined communication and cooperation, among home confederations first of all (company – sector – central organisation), to be one of the fundamental preconditions for the social dialogue development. LPK claimed having no information about companies covered by sectoral members at all: the central EO keeps contacts with associations only and is completely unaware of what is going on in sectors and, even more so, in enterprises covered by them. LPK also mentioned the necessity to improve managerial capacities.

LVDK stressed the necessity for employees to become more active in order to activate social dialogue at all levels.

**Company level***Trade unions*

According to the representatives of central trade unions organisations, the following is necessary in order to develop social dialogue at company level:

- Increasing company employees' awareness of their rights, opportunities of social dialogues (LDF);
- Increasing interim cooperation among company trade unions belonging to different central trade unions' organisations (LDF);
- One of the proposals (see above) was to move all 'trade union' activities from enterprises to sectors and to have only representatives of trade unions left in enterprises (LPSK).

*Employers*

See above.

**Overall proposals***Trade unions*

According to the representatives of LDF, cooperation with employers should be increased both at formal and informal levels; parties should trust each other more; training of, and awareness raising in, social partners should be amplified: they must understand that they are necessary for each other. There will be no employees without employers and vice versa.

According to LPSK, the legislative basis is perfect in terms of the social dialogue development in Lithuania. However, as few as 10% of its potential is used. Employees should make better use of available opportunities.

*Employers*

See above.

## Annex 1

### Outcomes of the workshop

At the “*Workshop on social dialogue capacity building at sectoral and company level*” two central organisations of trade unions and the Government were present. The main results of the group work are presented below.

#### *Sectoral level*

Lithuanian social partners who participated in the workshop, named main strengths and weaknesses of social dialogue at sectoral level in Lithuania. Main features are presented below (see Table 7).

Table 7: *Strengths and weaknesses of social dialogue at sectoral level in Lithuania: views of the social partners*

Strengths	Weakness
<b>Organisational capacities</b>	
<ol style="list-style-type: none"> <li>1. Rapid economic growth and significant external migration ‘forces’ social partners to cooperate</li> <li>2. Legislation favourable for social dialogue development</li> <li>3. Increasing cooperation between central trade union organisations</li> <li>4. Increasing cooperation between central trade unions and employers organisation</li> <li>5. Examples of good practice in some sectoral organisations</li> </ol>	<ol style="list-style-type: none"> <li>1. Low membership and weakness of particular sectoral trade unions</li> <li>2. Still competing trade union’s organisations in particular sectors</li> <li>3. ‘Mismatch’/absence of partners for collective bargaining in particular sectors</li> <li>4. Absence of partner for collective bargaining in public sector</li> <li>5. Weak cooperation between central and sectoral level of employers organisations</li> </ol>
<b>Financial capacities</b>	
<ol style="list-style-type: none"> <li>1. Possibilities to make use of EU structural funds</li> <li>2. In some cases –central trade unions organisations strong enough to support sectoral unions</li> <li>3. Government’s financial support</li> </ol>	<ol style="list-style-type: none"> <li>1. Low membership fees (due to low level of average wage and competing trade unions)</li> <li>2. Inefficient use of membership fees – up to 80-90% of accumulated funds going to local level organisations</li> </ol>
<b>Skill/personnel capacities</b>	
<ol style="list-style-type: none"> <li>1. Often very enthusiastic personnel, ‘believing in the idea’</li> <li>2. Growing experience due to international cooperation</li> <li>3. Permanent decrease of average age of personnel of sectoral organisations resulting in higher qualifications, better international communication skills</li> </ol>	<ol style="list-style-type: none"> <li>1. Small number of personnel of sectoral administrations (very often consisting only of chairmen and accountant)</li> <li>2. Absence of experts (lawyers, economists) in sectoral organisations</li> <li>3. ‘Weak’ personnel capacities due to insufficient qualifications, ‘old-style’ thinking, etc.</li> <li>4. Ineffective education of sectoral personnel.</li> </ol>

### Development plan

The social partners who participated in the workshop agreed that the main problem in Lithuania in sectoral social dialogue still is related to absence of employers’ organisations in public sector. Therefore social partners decided to take common actions in order to prepare amendments in the *Law on Public Service* and *Law on Health Care Institutions*. The main aim of the amendments is to define employer organisation in public service. On the initiative of LPSK drafted amendments have to be presented at the Tripartite Council of the Republic of Lithuania and/or Permanent Commission of Labour Relations under the Tripartite Council. Social partners agreed that it would be the best if the drafts reach the Parliament at the end of this year. First of all employers organisations have to be established in those sectors where trade unions exist.

*Company level*

Workshop participants agreed that the situation in large enterprises regarding development of social partnership is rather satisfactory – a trade union is usually present in a large company, collective bargaining takes place, the management of enterprise is minded to collaborate with of employee representatives.

Social dialogue in the medium entities is insufficient – usually representatives of employees (if present) in such companies lack sufficient financial as well as personnel/skills capacities; sectoral trade union organisation is often unable to provide qualified and up-to-date support for local trade union.

The situation in small companies is characterised by social partners as very disappointing. Usually in such companies there are no representatives of employees, employers are not minded to collaborate with employees, workforce representation (if present) in such companies is usually of ‘formal’ nature.

As the majority of enterprises in Lithuania are small ones (75% of enterprises have less than 10 employees, whereas less than 50 employees has almost 95% of enterprises), the main problem of social dialogue development at local level in Lithuania is related to small entities. Therefore social dialogue capacity building should be directed to this area.

As the preliminary results of the research<sup>16</sup> carried out by the Institute of Labour and Social Research on behalf of the Ministry of Social Security and Labour shows Lithuanian employees usually know very little about the nature or functions of employee representatives or what possibilities exist (especially in small enterprises). Therefore a kind of social promotion campaign should be run in order to introduce/promote the idea of workplace representation (regarding both trade unions and works councils as well as employees representatives) for the general public.

**Inga Blaziene**, Institute of Labour and Social Research

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<sup>16</sup> Research on establishment of works councils and future developments.

## Annex 2

### Interviewed representatives of central employers' and trade unions' organisations

1. Gilija Ašmontaitė, Lithuanian Confederation of Industrialist, Interim Director of Business Social Policy and Law Department
2. Marius Dagys, Lithuanian Trade Union Confederation, Lawyer
3. Anna Cicėnienė, Lithuanian Business Employers' Confederation, Administrator
4. Kristina Krupavičienė, Lithuanian Trade Union 'Solidarumas', Executive Secretary
5. Vidas Puskepalis, Lithuanian Labour Federation, President

### Distribution of sectoral employers' (LPK) organisations among sectors of economy

	LPK
Industrial sector	Lithuanian Association of Breweries Lithuanian Association of Chemical Industry Enterprises Lithuanian Association of Sugar Industry Enterprises "CUKRUS" Association of Lithuanian Peat Producers "Lietuviskos durpės" Association of Engineering Ecology Lithuanian Association of Pharmaceutical Enterprises Lithuanian Association of Grain Processing Enterprises Information, Trade and Industry Association of the Baltic States and Kazakhstan "KAZBALT" Lithuanian Association of Ships Builders and Repairers Lithuanian Apparel and Textile Industry Association Association of Foundries The Lithuanian Roads Association "LIETUVOS KELIAI" Association of Lithuanian Food Producers "Lietuvos maisto pramonė" Association of Lithuanian Machines and Appliances Industry Enterprises Association of Lithuanian Aggregate Producers Association "Lietuvos mediena" (Lithuanian Timber) Lithuanian Association of Land Reclamation Enterprises Lithuanian Association of Meat Processing Enterprises Lithuanian Association of Dairy Enterprises "Pieno centras" National Association of Window and Door Producers Association of Telecommunications Construction Enterprises Lithuanian Association of Glass Producers Lithuanian Union of Consumers' Cooperatives Lithuanian Association of Agricultural Machinery Association of Packaging and Electronic Waste management
Service sector	Lithuanian Association of Directors of Colleges Lithuanian National Association of Forwarders "LINEKA" Association of Railroads services enterprises GELPA Association of Stevedoring Companies Lift Operators' Association Lithuanian National Road Carriers Association "LINAVA" Association of Lithuanian airports "Lietuvos oro uostai" Lithuanian Association of Directors of Vocational Schools Lithuanian Builders Association Association of Building Industry National Association of Business Administrators Association of Lithuanian Scientific Institutions National Association of Electricity Network Owners

## Distribution of sectoral trade unions' organisations among sectors of economy

	<b>LPSK</b>	<b>Solidarumas</b>	<b>LDF</b>
Industrial sector	Lithuanian chemical industrial workers trade union federation Lithuanian federation of energy and electrical workers trade unions Trade union of Lithuanian food producers Unification of Lithuanian metal workers' trade unions Federation of the forest and wood workers trade unions of Lithuania Lithuanian association of free trade union organizations Federation of trade union organizations of radio electronic industry of Lithuania Lithuanian light industry trade union	Transport	Union of metal industry trade unions Trade union of textile industry
Service sector	Lithuanian federation of railway workers Lithuanian federation of roads and transport workers trade unions Lithuanian trade union of commercial and co-operative employees Lithuanian service workers trade union Lithuanian communication workers trade union Lithuanian federation of water transport workers trade unions Lithuanian building workers trade union Lithuanian trade union federation of public service	Carrier trade union 'Solidarumas' Federation of traders and small businessmen Trade union of services and tourism	Union of journalists
Public sector	Lithuanian federation of trade unions of people working in the sphere of culture Trade union for creative workers of Lithuanian radio and television Lithuanian trade union of opera and ballet theatre workers Lithuanian nurses' organization Lithuanian trade union of health care employees Lithuanian education employees trade union Lithuanian trade union of state employees Lithuanian trade union of constables and police employees Trade union of Lithuanian teachers	Federation of transport employees Education trade union Trade union of Lithuanian medical workers	Federation of water supply employees Federation of medical workers Christian trade union of educational workers Trade union of state employees Lithuanian transport federation Trade union of cultural employees
Agricultural sector	Trade unions federation of Lithuanian agricultural workers		Christian trade union of agricultural workers

**List of participants**

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4 - 5 May 2006

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Marius Dagys

Lithuanian Trade Union Confederation,

Lawyer

Vidas Puskepalis

Lithuanian Labour Federation,

President

Robertas Lukasevicius

Ministry of Social Security and Labour,

Deputy Head of Labour Relations and Remuneration

Division of Labour Department

Valda Michailinaite

Secretariat of Tripartite Council of the Republic of Lithuania,

Chief Specialist

Inga Blaziene

Institute of Labour and Social Research,

Senior Researcher