

Economic Model of EU Funding Impact on Social Development

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Abstract: *Economic and social development and dialogue is the keystone of European social policy and helps create decent working conditions for all workers and workers, improving work legislation and developing social partnership as a model to achieve economic goals such as job creation, improved living standards and regional growth. Bipartite social dialogue is a dialogue directly between social partners which helps in market cooperation. It needs to be analyzed that in Croatia, as a relatively new state with short tradition of social dialogue, social and economic dialogue is not only collective bargaining but it also comprises dialogue and market negotiations. The paper is also focused on the analysis of the EU funds available to finance projects in the area of social dialogue development. The scientific research was tested in the form of a survey to analyze employee work satisfaction with the public sector on their needs and rights on the market, and effect on economy.*

Keywords: economy, EU funding, social dialogue, development

1. Introduction

Strong social partners and a good social dialogue can play an important role in the economic and social development process in a country, as evidenced by examples from various countries. A good social dialogue results in fewer strikes, improved protection of employees, greater employee satisfaction, increased employment and higher labor productivity. In many Western democracies, social dialogue has made an important contribution to growth and continued prosperity. However, it is important that employers, unions and government are constantly aware of their mutual dependency on the further development of society. [1]

There are three principles that social dialogue contributes to the achievement of social and economic development objectives: inclusiveness, democratic ownership and accountability. Social dialogue promotes inclusiveness, with representative and independent workers' and employers' organisations, alongside governments, seeking solutions to issues of common concern. As representative organisations, the social partners bring together the points of view of a multitude of employees and employers. In the case of the trade unions, this is further reinforced by their democratic structures and elected leadership. In developing countries, there are also indications that informal workers and their organisations are increasingly being represented in social dialogue structures through trade union representation. In academic literature, this is described as providing voice to key stakeholders by offering channels for participation in decision-making processes. Social dialogue has been found to be capable of resolving collective action problems in the area of decent work and beyond. Similarly, social dialogue can set common standards or wage levels in a region or sector, thus to some degree removing these elements from competition and accordingly reducing the likelihood of a downward spiral in labour and environmental conditions. Social dialogue, through its inherent processes of information-sharing, consultation, negotiation and joint decision-making, allows the social partners to share their views on and influence the policies or measures that affect

them. These are important ingredients of democracy and can improve the prospect of democratic ownership and the effective implementation of such policies or measures by the public authorities and the social partners. In addition, social dialogue offers a number of opportunities to strengthen transparency and accountability among the various actors involved. [2]

2. Advantages and possibilities of EU funding in social dialogue in Croatia

The social dialogue is not deeply enrooted within the Croatian economy, similar to other former socialist countries. The first steps towards creating institutional and political framework for social dialogue in the country was taken in 1994 with the establishment of the national Economic and Social Council and identifying its competences. Over the next several years, the functioning of the social dialogue was rather limited and reduced to a rather formal and declaratory action. After the parliamentary elections in 2000 the new Government had restored tripartite dialogue at the national level and launched new framework for the development of the social dialogue. Croatia has ratified a number of International Labour Organization (ILO) Conventions and the European Social Charter. Institutional basis for the social dialogue in Croatia is comprised of the Economic and Social Council (ESC) and the Government Office for Social Partnership. The Croatian Economic and Social Council (ESC) is a forum in which key social partners (high representatives of the Government, employers' associations and trade unions) discuss and negotiate important decisions on key economic and social issues. The Economic and Social Council has commissions for the following topics: wage policy and the tax system, employment and social policy, collective bargaining, privatization, education and labour market, legislation, regulation implementation and legal protection, international relations and accession, national budget, pension and health care, and alternative resolution of labour disputes. The ESC can suggest discussing any legislative proposal from the

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Government before it enters into parliamentary procedure. In majority of cases, such suggestions are accepted. Each social partner has the right to a one vote in ECS and its bodies. Members of ESC can also give a separate opinion but this opinion is not visible when a particular legislative proposal enters into a parliamentary procedure. Similar to other CEE countries, tripartite social dialogue at national level in Croatia is quite developed, unlike bipartite dialogue which is still facing many difficulties. Collective agreements have covered almost all employees in the public sector, as well as in the most of the state-owned companies. Capacities of trade unions are not fully prepared to participate in the sector dialogue and, consequently, sometimes there is a lack of initiative for such dialogue on their part. Furthermore, there is a lack of a tradition of social dialogue in general and unwillingness of private sector to accept trade unions as partners, particularly in collective bargaining. Number of collective agreements in private sector is notably lower than in the public sector. [3]

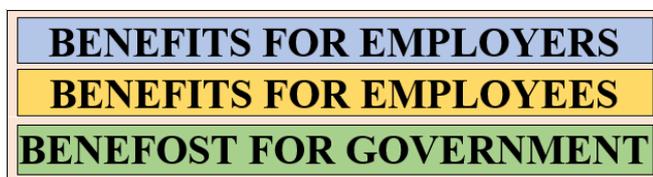


Figure 1: Benefits from developing social dialogue

It is crucial to develop social dialogue in the European Union as well as in Croatia. There are many benefits for employers, employees and government. Employers have benefit from social dialogue, because countries with a good social dialogue generally have fewer strikes. The business and investment climate are also better than elsewhere. Another benefit for employers is that industrial peace improves their competitive position and productivity. Working together with the unions also results in employers' organisations having more influence in government policy and in politics. If employers and unions agree on a socio-economic topic, then it is hard for politicians to take a very different stance. Similarly, unions are also able to exercise greater influence on government and parliament thanks to social dialogue. Structural consultations with employers generally result in lower unemployment figures and a smaller income disparity in society. For individual employees, social dialogue often results in a broader range in the employment package and improved employment conditions. In fully-fledged democracies, the government together with parliament has the final say. Nevertheless, the government leaves certain aspects of employment relationships and employment conditions to the employers and the unions. The benefit for the government is that this results in greater acceptance of the solution that is eventually proposed. This in turn increases the likelihood of the envisaged results actually being achieved. (Nieuwsma & Boorsm, 2017)

In the past several years, social dialogue in Croatia has encountered some difficulties, partly due to accelerated legislative activities for the Croatian accession to the European Union, and partly due to the negative impact of the economic and social crisis that led to measures being taken without properly consulting social partners. Furthermore, although the local (county-level) economic and social

councils were established, many of them are not functional. For that reason, improving social dialogue, particularly tripartite dialogue structures and practices were defined as project's main long-term goal. There is possibility to develop social dialogue in Croatia through financing innovative projects in the field of social dialogue by EU funds. Funding through the Social Fund entitled "Boosting Social Dialogue" is a good way to do a step forward. The goal of tender is to improve the quality of social dialogue through the development and strengthening of administrative and professional capacities of social partners at international, national, regional, local and sectoral levels. Potential applicants are social partners: trade unions, higher-level union associations, employers' associations, higher-level employers' associations, local and regional self-government unit and Development Agencies. The projects are also financed in 100% of the amount by the European Union. Acceptable activities are: project management and administration, strengthening sectoral social dialogue and sectoral social councils, empowering the professional, analytical and advocacy capacities of social partners, analysis, research and monitoring of social dialogue, strengthening the capacities of Croatian social partners through international co-operation, participation in international social partnerships, at EU and global level, and international forms of employee participation, promotion and visibility. [4]

3. Research and Results

A survey was conducted through a survey questionnaire. The respondents were 125 employees of 47 different employers. The survey explored employee satisfaction at the workplace as well as respecting the rights and obligations of employees.

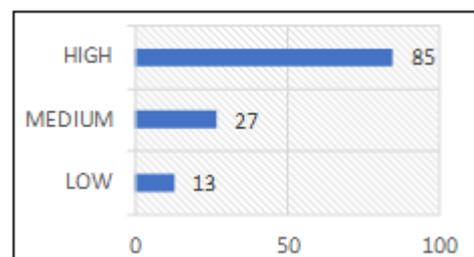


Figure 2: The level of discrimination at the workplace

As we can see there is a very high level of discrimination of the workers in Croatia, 85 of responders indicated high level and 27 on medium level of discrimination while only 13 responders think opposite.

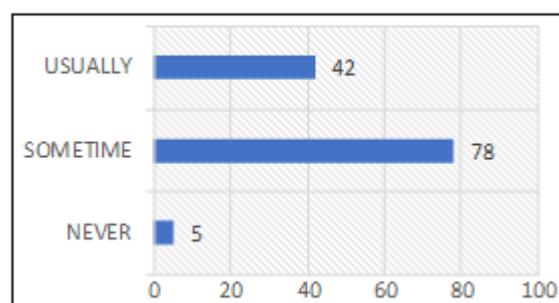


Figure 3: Overtime without payment

As we can see there is a big problem of overtime working hours. Employees usually (42 responders) and sometimes (78 responders) work overtime but not get payed for that.

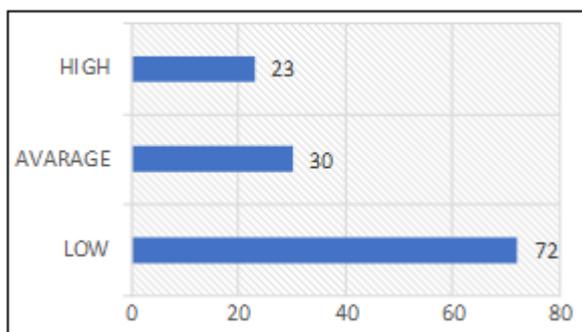


Figure 4: Working environment and conditions

As we can see there is a very low level of working conditions in Croatian firms (72 responders) while only 23 responders are happy with the working conditions.

4. Conclusion

Economic model of social dialogue is the key to the success of every enterprise, but also the country where the company is located. Communication, positive synergy and common co-operation are necessary to be happy with employees on the one hand and employers on the other. The conducted survey showed great dissatisfaction with employees with discrimination at the workplace, daily mobbing, overtime without pay, working environment and working conditions as well as job de-mining. These are the areas in which the country's considerable efforts must be made to preserve the dignity of the workers. It is important to put emphasis on bipartite and tripartite social dialogue. Bipartite dialogue is dialogue between employers' organisations and workers' organisations and it refers to the discussions, consultations, negotiations and joint actions involving the two sides of industry. Tripartite social dialogue involves the governmental institutions as well as the social partners. The economic crisis represents a serious challenge for dialogue between workers' representatives and employers and government representatives. Government reforms have not always been accompanied by effective social dialogue, which has led to increasingly conflicting relations in the industry. Participation of workers' representatives and employers or social partners in government reforms is important because solutions achieved through social dialogue tend to wider acceptance in society and it is easier to implement decisions made in practice and thus less conflict. Contracts involving social partners ensure long-term sustainability of economic and social reforms. Well-structured social dialogue can effectively contribute to Europe's economic sustainability. Despite the poor results of research and employee dissatisfaction, a better shift is visible.

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Author Profile



Berislav Andrić, PhD Professor has been with the Polytechnic in Pozega for over 15 years, involved in the teaching of marketing, promotion, sales and branding. From 2007 to 2012 he served as Head of the Social Department. From 2014 he is Vice Dean for Development. His research interests include marketing management, EU project management, internet marketing and tourism. He is a member of the CROMAR (The Croatian Marketing Association) and Slavenska košarica (Tourism Cluster).