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Country report Czechia

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1.1 Introduction

This report examines the processes of building and maintaining trust, as well as the sources of trust and distrust between social partners across different levels in Czechia. It explores the role of trust in industrial relations, focusing on how social partners perceive its impact on social dialogue and collective bargaining. We analyse various dimensions of trust, key obstacles to its development, and the broader implications for industrial relations. The findings are based on interviews with stakeholders and experts at national, sectoral, and company levels in three sectors. The report is part of the TRUE EUROPE research project, which investigates the determinants and outcomes of trust in social partner relations. Interviews were conducted in eight countries, focusing on the metal, transport, banking and finance sectors. We explored trust levels across different social dialogue topics—from core issues like wages to less contentious areas such as digitalisation, skills and training, and health and safety.

Within this research, we have conducted 15 interviews with stakeholders and experts from the company to the national level, of which eight were online, and seven were in person. The interviews lasted 40 to 80 minutes, and all except two were recorded. From these, two detailed notes were taken. All interviews were transcribed and coded using the Dedoose program, which allowed for a detailed analysis. It should be noticed that among respondents, there is a disbalance between 11 trade unionists and only three employer representatives interviewed. This was because of the employers' low response rate to our interview request. We compensated for this by adding two additional interviews conducted with employers in automotive and banking in 2022 and 2023, which also tackled sector-level relations. We also conducted two interviews with experts involved mostly in company-level bargaining in different companies, one on the employer and one on the employee side, who provided insightful comments on the topic of trust in collective bargaining negotiations and within trade unions.

Table 9.1. Interviewees: levels and sectors (number of respondents)

Level	Banking & Finance	Metal	Transport	Cross-sectoral	Total
Local Level					
Employee rep.	3	2	1		6
Employer rep.	0	1	0		1
Sectoral Level					
TU official	1	2	2		5
EO official	1	1	0		2
National level					
TU official					
EO official					
Other (Gov./Civ.)		1		1	2
TOTAL	5	7	3	1	16

Interviews were coded in the Dedoose program. A frequency code analysis revealed that respondents mostly talked about their weak trust in opposing representatives (mostly weak

trust towards employees), the missing or insufficient sectoral social dialogue, power imbalances that hammered the trust (primarily because of the foreign ownership in banking and automotive) and the role of foreign ownership in their relations. They also highlighted that trust is strongly dependent on personal relations. In the remainder of this report, we explain the context of the respondent's views.

In the interviews, we did not provide respondents with a definition of trust; thus, the understanding of this category could differ. Trust was most often associated with the presence of non-conflictual relations and willingness to share information with the counterpart or with colleagues/members. We also add our interpretation of the absence of collective bargaining as a low level of trust in the institution of collective bargaining.

1.2 Industrial Relations at the national and Sectoral Level

The collective bargaining system in Czechia is predominantly decentralised, with negotiations primarily conducted at the company level. This structure allows individual companies to negotiate specific working conditions directly with their employees or their representatives. While industry-level agreements, known as higher-level collective agreements (HLCAs), exist, they typically serve as frameworks for company-level agreements. They cannot impose conditions less favourable than those established by law (Eurofound, 2024). At the national level, there is a Tripartite body with only a consultation and advisory role towards the government's decision-making.

Over recent decades, there has been a **notable decline in collective bargaining coverage** and trade union density. From 1995 to 2020, collective bargaining coverage decreased from 47% to 33%, while trade union membership dropped from 45% to 11,4% (OECD, 2024). This decline is attributed to factors such as the decentralisation of bargaining and challenges in coordinating pay and working conditions across sectors. (Eurofound, 2024)

In 2023, there were 24 collective agreements at the sector level concluded, of which 17 were signed by the biggest TU confederation Czech-Moravian Trade Union Confederation (Českomoravská konfederace odborových svazů, ČMKOS), and one sector-level agreement was concluded by the member of the second largest peak-level trade union organisation, the Association of Independent Trade Unions (Asociace samostatných odborů České republiky, ASO ČR) and the remaining six were signed by the independent trade unions. (Trexima, 2023). In contrast, **3,611 agreements at the company level** concluded, covering 1,389,199 employees. (Eurofound, 2024). About 4,202 trade union organisations operate at one or sometimes several employers (Trexima, 2023).

In the Czech system, collective bargaining at the sector and company level can be initiated by either employers or trade unions. However, it is predominantly the unions that take the initiative (Veverková, 2021). Recognised union organisations, which require at least three members for legal registration, negotiate with employers or employers' organisations. These negotiations often focus on wages, employee remuneration, and working conditions, with

the agreements reached playing a crucial role in supplementing legal protections for employees. (Myant, 2010).

A plurality of trade unions is possible at the company level, and an unlimited number of trade unions can operate at the company level. Until 2024, there was an obligation to act unanimously towards the employer in the case of multiple unions in one company, which means the employer could conclude one agreement with all trade unions. In some cases, this hampered the negotiations and the conclusion of the collective agreement. In 2025, as part of implementing the EU directive on minimum wages and collective bargaining, the government initiated a change that only the biggest trade union organisation can conclude an agreement if there is no agreement among multiple TU organisations.

In practice, 76% of workplaces report one trade union organisation, while at 11,6%, there are two organisations, and this number slightly increased since 2021 when it was 10%. Moreover, almost 5% of workplaces have three trade union organisations, 1,7% have four of them, and 5,5% have five, which is mostly the case of big employers with several branches (Trexima, 2023).

The non-derogation principle is strictly enforced at all levels, meaning that legislation is the legal minimum, while higher-level collective bargaining can enhance these standards. At the company level, bargaining can either improve the legislation (if no higher-level agreement exists) or build upon the terms established in a sectoral agreement. The rigid application of this principle, combined with the absence of sector-level bargaining, underscores the central role of company-level negotiations in improving working conditions. However, this also results in decentralisation and a lack of higher-level coordination. Consequently, in workplaces without collective agreements—which make up the majority—labour legislation remains the primary framework governing employment conditions.

Protest in the form of a strike is very rare in Czechia for two main reasons: (1) the low trade union power and workers' unwillingness to strike, and (2) strict legislation which effectively prolongs the moment when the strike can be launched after 12 months or more since the collective bargaining negotiations failed. More common are strike alerts, which already attract media attention and help trade unions advance their agenda (Martišková & Šumichrast, 2023)

Industrial relations in banking and finance, metal, and transport

Automotive is of crucial importance for the Czech economy, contributing to 10% of GDP, employing around 140 ths employees and producing more than one million cars yearly (1,4 million cars in 2023). Czechia hosts three final producers and more than 900 supplier companies that are fully or partially supplying the automotive industry. The majority of the companies are in foreign ownership, which, as shown in this report, represents a specific challenge to collective bargaining.

A relatively strong trade union presence characterises industrial relations compared to other industries, yet bargaining remains highly decentralised, without sector-level coordination. Trade unions in the sector have played a crucial role in securing wage increases and improved working conditions, particularly in major multinational companies. (Martišková et al., 2021). However, their bargaining power varies significantly depending on company ownership structures, management approaches and position in the value chain. Suppliers and subcontractors tend to offer weaker protections due to lower union density and more precarious employment arrangements. Additionally, the increasing flexibilization of work, the rise of agency employment and the increase of foreign workers pose challenges for collective bargaining, making it harder for unions to maintain influence across the sector.

The Czech **banking** landscape comprises 43 banks and foreign bank branches. Foreign companies dominate the sector; among these, the largest institutions include Česká spořitelna, a.s. (Eset group, Austria, 18% share on the market), Komerční banka, a.s (Societe general, France, 15% share on the market), and ČSOB (KB, Belgium). The sector is highly profitable. Employment within the sector is stable, with 38ths of individuals employed in 2024.

In the sector, there is collective agreement of higher level (sector level) signed between employers' association Union of Banks and Insurance Companies (Svaz bankovníctví a pojišťovnictví SBP) and Trade Union of Workers in Banking and Insurance companies (Odborový svaz pracovníků v pojišťovnictví a peněžnictví – OS PPP) which covers approximately 30 ths employees, thus majority in the sector. The collective agreement regulates minimum wage for the sector and sets framework working conditions, including home office regulation or the right to disconnect, which are above the Labor Code. The last collective agreement was concluded for 5 years from 2021 to 2025.

In the **transport** sector, there are two sector-level trade union organisations that associate drivers. Trade Union of Workers in Transport, Road Management and Automotive Repair of Bohemia and Moravia (Odborový svaz pracovníků dopravy, silničního hospodářství a autoopravárenství Čech a Moravy, DOSIA) organises workers in urban public transportation, along with road construction workers, while Trade union Transport (Odborový svaz doprava, OSD) organises regional public and private transport drivers. Both organisations sign collective agreements at the sector level for the specific branch of workers with employers associated with the Association of Transportation (Svaz dopravy) and, in the case of road construction workers, with the Association of Employers in Construction. In the following text, we concentrate on industrial relations in urban public transport (DOSIA) and regional public transport (OSD). The first is in the competence of cities, and employers are usually owned by municipalities; in the second, regions (at the NUTS3 level) subcontract transportation services from private companies and usually conclude with them 10-year contracts.

1.3 National and sectoral level interactions and trust

In Czechia, there are formal interactions between employers and trade unions at the national level, as well as sector-level interactions in all three studied sectors. There are different dynamics in terms of sector-level bargaining, which functions in the banking sector and in the regional transport sector, while in the case of metal, there is only informal interaction between social partners and in urban transport, there has been recent deterioration of the social dialogue at the sector level.

In terms of the topics, wage bargaining is considered the most conflictual topic, associated also with the lower level of trust. At the same time, alliances are observed in non-wage topics such as health and safety and reskilling.

Characterising national and/or sectoral level interactions

There is the Tripartite body where social partners at the national level meet and discuss governmental legislative proposals or suggest their own proposals. Given the advisory role of the Tripartite body, social partners mostly address their requests to the government, but the government is not obliged to implement them. The Tripartite also has working groups, where the cooperation is more cooperative than at the main assembly. At the national level, an expert on the government side described the relations of social partners as conflictual and even further deteriorating (#14CZ). This was also confirmed by another expert who assessed the mutual relationship of social partners as conflictual, especially when there is disagreement.

We do not discuss; each time there is disagreement, it is understood as a conflict. (#15CZ)

On the other hand, social partners cooperate on specific topics such as education and employee requalification. For instance, they commonly prepared proposals for dual education legislation and have a common interest in convincing the government to implement it. (Rathouský, 2024). Similarly, in the case of requalification, they demand the government for systemic solutions to allow adults to retrain. On the other hand, there is less agreement about the regulation of foreigner-inflow into the country or over the statutory minimum wage, or minimum wage for foreigners.

Since the 1990s, minimum wage increases have been the subject of negotiations between trade unions and employers at the tripartite level, though the final decision has always rested with the government. As a result, minimum wage adjustments have been highly politicised, with the centre-right government freezing wages between 2007 and 2013. From 2014 onward, however, the minimum wage saw annual increases. In 2024, the regulation of the statutory minimum wage has changed as a result of the implementation of the Directive on Minimum Wages and Collective Bargaining. The government introduced the automatic valorisation mechanism for 2025 and 2026 through the amendment of the Labor Code and the introduction of the new government order no. 285/2024 Coll¹. The basis for the statutory minimum wage setting is now the prediction of the average wage in the economy for the following year and coefficients set for the minimum wage; for 2025, the minimum

¹ <https://www.zakonyprolidi.cz/cs/2024-285> (In Czech)

wage was set at 42.2% and for 2026, at 43.4%. In the following years, the intention is to reach 47%, but this has not yet been set in the legislation. The government also cancelled the minimum wage degrees against which the Czech trade unions issued a complaint in September 2024 (ČMKOS, 2024). The reason was the impact on specific professions, such as cashiers or drivers, who had guaranteed minimum wages higher than the statutory minimum. In the section on transportation, we discuss the impact on drivers.

In the **metal sector**, relations at the sector level are characterised by informal or semi-formal interactions, mostly for the information exchange on the developments in the sector. In 2015, OS KOVO and AutoSAP signed a memorandum on cooperation, which established information sharing and exchange on ad hoc topics. At the same time, employers have long declared unwillingness to sign collective agreement for the whole sector (in automotive). The legal dispute over their representativity and, thus, the obligation to bargain was initiated by OS KOVO, and the Supreme Administration Court confirmed the right of AutoSAP not to conclude the collective agreement in 2019 (Koutská, 2019).

Employers associated with AutoSAP continuously reject the possibility of concluding a collective agreement, despite the fact that they identify topics which are of common interest to both parties, such as reskilling and worker retraining due to digitalisation and automatisisation in the sector, but also switch to EVs or EU regulations of decarbonisation. (Martišková, 2024).

Despite the prevalence of informal interactions at the sector level, respondents confirmed that, to some extent they have personal relations and this yields outcomes in the form of mutual information sharing. Both employers and trade unionists mentioned the importance of personal trust in achieving the results of collective bargaining at the company level. However, the stakeholders interact in the form of irregular meetings. In practice, interactions include mutual invitations to organisations' gatherings (e.g., the yearly assemblies or others) and information sharing. For instance, AutoSAP gathers data about wage levels in the sector and shares those with trade union.

Another form of interaction is mutual support in addressing the common demands of the government. For instance, Czech employers opposed the EU's proposal to regulate CO₂ emissions under the EURO 7 norm, arguing that it was not cost-effective. They also urged trade unions to join them in voicing concerns to the government about potential job losses in the sector. Trade unions agree to join the employers' proposal if they regard it as a job-saving initiative (#7CZ).

By their mutual cooperation social partners mostly target ministries and the government. They channel it via tripartite commission through their membership in their respective confederations. For instance, in the topic of reskilling it is Ministry of Labour, where they aim to reform the education system in the country. However, their trust in ability of state representatives is low (#10CZ).

Another form of interaction is ad hoc consultations, which eventually involve interactions with company-level representatives in the case of problems in company-level collective

bargaining. However, this is only informal consultation or intermediation and cannot be understood as a significant contribution to collective bargaining spread.

Unlike in the metal sector, in **banking**, there is sector-level collective bargaining, which is understood by both parties as a platform to narrow expectations at the company-level bargaining. There is a sector-level minimum wage agreed upon, which is well above the national minimum wage, reflecting the overall high wages in the sector. The sector-level bargaining is organised once per year over the sector minimum wage and once per 5 years over the whole sectoral agreement. In between, the interactions are irregular (#1CZ).

Despite the existence of collective bargaining at the sector level, the most important impact on working conditions has company-level bargaining. For instance, sector-level agreements also contain provisions that mention the home office, but companies are responsible for its actual regulation. The home office became a subject of negotiations during the COVID-19 pandemic when both social partners recognised it as a topic to be regulated at the sector level. At the company level, employers in the sector are divided into two groups: those that prefer home office presence to workplace presence and prefer to pay workers compensations, and those companies that still keep the premises and require the presence of workers in the offices.

In transportation, while industrial relations are described as cooperative and constructive in the case of regional public transportation, they are deteriorating in the case of urban public transportation. The main reason is that employers in urban public transportation have withdrawn their membership from the Association of Transportation to avoid higher-level collective bargaining and prefer only company-level negotiations. Their attitude towards trade unions is a priori negative; they do not see benefits in cooperation with the trade unions (#12CZ).

We are trying to explain to them there are benefits in mutual cooperation, especially when it comes to targeting ministry, but they refuse to cooperate. (#12CZ)

Another factor identified is the change of managers in the city transport companies who, priori, consider cooperation with trade unions unnecessary. As a result, the collective agreement for urban transport ended in 2024 and was not renewed, confirming the deterioration of social dialogue at the sector level in this branch.

The biggest issue in transportation is the working time arrangement. In public regional transportation, drivers might have several hours of idle time. Thus, there is a huge discrepancy between the time spent in the work and time paid as a working time. There were compensations agreed upon for the idle time, but due to the legislation changes in the minimum wage in 2024, when the Czech government cancelled minimum wage degrees, which were considered higher than the statutory wage minimum for professions with more responsibilities. For instance, drivers ranged in the 3-5th category, thus having a minimum of 1.3-1.5 of the statutory minimum. The idle compensation was agreed to be paid as 90% of the statutory recognised minimum for drivers, but due to the change, these compensations could not be maintained, and a new mechanism had to be found. For this reason, trade

union OSD, employers SD and the Ministry of Transport and regions signed a Memorandum in which they were bound to set another compensation mechanism for idle time for workers in the sector-level collective agreement. Another issue is overtime work, which is also heavily spread in the sector. Trade union representatives in both topics highlighted the low trust in government representatives, also due to the fact that their decisions impact the transportation sector significantly, but social partners are not consulted ahead (#11 CZ, #12 CZ).

On the other hand, there is trust in topics of digitalisation and automatization in the sector, where employers innovate, and workers are able to upskill to meet current needs (#12CZ). Another topic on which employers are in consensus is health and safety, also thanks to the clear regulation with little space to bargain about (#13CZ).

Anchoring trust in institutions and trusting actors

In the **automotive sector**, the institution of collective bargaining is not regarded as important and beneficial for employers, while for trade unions, it represents a tool for better wages and regulation of working conditions. Employers justify their long-term refusal to negotiate a collective agreement by citing the sector's heterogeneity and the better effectiveness of negotiations at the company level. Their trust in sector-level bargaining as an institution is thus limited. Employers' associations are, however, not against collective bargaining; they leave it to the company level. Eventually, but only irregularly, they might intervene in the negotiations. However, in general, they do not publicly comment on or support collective bargaining at the company level. For trade unions, this attitude means that they have to rely on company-level bargaining, which they try to coordinate between trade union organisations by issuing non-binding recommendations for their members, but this is much less efficient than sector-level coordination (#7CZ).

While automotive actors have never signed sector-level agreement, collective agreements used to be concluded **in the transport sector**. However, as already described, urban public transport is experiencing the deterioration of collective bargaining, which again can be interpreted as decreasing trust in the institution of bargaining on the employers' side.

In the **banking sector**, there is a sector-level agreement. Thus, it might seem that the institution of collective bargaining is much more appreciated by both employers and employee representatives. We can confirm the employers' side only from the older interview in 2022 when the representative claimed that they understand the sector-level collective agreement as a constitution valid for the whole sector, not only banking but also insurance companies, contributing to the stability of the finance sector in Czechia (#9CZ).

The broader context of institutional trust was reflected by trade union representatives from the perspective of trust in courts, labour inspectorates and OSH controllers. In the case of courts, lengthy procedures discourage the legal action of employees against their employers. A typical example is the layoff without a legal basis, in which the worker usually wins the court, but the decision comes two or three years after it was submitted, which is

too late for the worker to receive the compensation (#7CZ). In the case of labour inspectorates, it is their limited capacity and low fees in the case of rules betrayal. Similarly, OSH offices suffer from low capacity, and their approach in different regions differs, which further decreases their reliability (#7CZ).

Effects of trust according to national and/or sectoral level actors

The existence of partial personal trust between the social partners at the sector level in **automotive** might slightly improve the social dialogue and the collective bargaining coverage. However, the low trust in the institution of collective bargaining leads to inefficiencies in collective bargaining gains and heterogeneous working conditions in the sector. For instance, one respondent mentioned that even 5 weeks of holidays (instead of 4 as a legal minimum) is impossible to agree on at the sector level, even though the majority of companies offer this benefit to their employees (#7CZ).

On the other hand, if trust exists between social partners, the experience is that the negotiation lasts a shorter time and is more efficient. The efficiency is also given by the fact that they share information about their bargaining positions easily and thus know what the limits are on both sides sooner (#7CZ).

In the **banking sector**, the sector-level collective agreement regulates working conditions only generally, while the most important provisions are bargained at the company level. The minimum sector wage, despite being set higher than the statutory minimum, is relatively low since the lowest wages in the banking sector are twice higher than the minimum agreed in the collective agreement (#4CZ). This reflects the smaller companies in the sector, which also have significantly lower wages than the big players. This suggests that even though there is coordination in the sector, the actual gains for workers are limited. Nevertheless, the existence of trust between social partners is appreciated and was not questioned by our respondents.

The lack of trust in **the urban public transport** sector means there has been collective bargaining present only at the company level since 2025. For trade unions, it means more work as they try to help individually to their member organisations in collective bargaining (#13CZ). They interpret it as trust deterioration towards the institution of sector-level bargaining and, at the same time, as an abuse of the powers of employers (ibid). They point out that at the company level, trade unions are much weaker due to the unequal position of workers who bargain with their employers.

Dimensions and bases of trust at national/sectoral levels

Personalities and attitudes matter both at the company and sector level in building trust in all studied sectors. In banking, the willingness to conclude an agreement is understood as a positive attribute to the institution of collective bargaining, increasing the trustworthiness of the opposite party. The positive attitude to sector-level bargaining also enhances trust among social partners, and their trust can be assessed as **relation-based trust**. Trust is built

on positive past experiences, and confidentiality is highly emphasised in negotiations. On the other hand, keeping information prevents its sharing among trade union colleagues, which does not help the coordination at the company level, nor does it help the sharing of negotiation tactics at the sector level.

Contrary to banking, transportation trade unions do not regard strikes as a trust-deteriorating event but as a regular tool for workers to meet their needs. Strikes, however, do not occur often in the sector and are mostly at the local level. In the sector of public urban transportation, the deterioration of social dialogue is attributed to negative attitudes toward collective bargaining on the employers' side. The relations in the transport sector are mostly based on **knowledge-based trust**, emphasising the importance of rules and agreements. Trade unions emphasised that their knowledge of health and safety regulations of regulation of working conditions is determining the topics and relations in the negotiations.

In the automotive sector, we mostly observe **calculus-based trust** between social partners due to purposeful interactions in the form of ad hoc cooperation, mostly when articulating a common interest towards the government or the European Commission. Other interactions are ad hoc and based on informal relations.

1.4 Local level interactions and trust

In this part, we build on company case studies, which offer insights into the company-level relationships. The diversity of the company-level interactions can hardly be captured by only five case studies (one in automotive and transport and three in banking). Thus, we also rely on sector-level representatives' observations towards company-level industrial relations. We point out the role of foreign ownership in building relationships in banking and automotive with a significant presence of foreign capital. We also analyse the role of trust in the conflict and, thus, to what extent trust and conflict are connected.

Characterising local-level interactions

In the interviewed company in the **metal** sector, the social dialogue usually encompasses meetings with employees and management representatives regularly over day-to-day issues and negotiations over collective agreement once a year. The regularity of the meetings with management and employee representatives improves communication and builds trust between participants (#8CZ, #5CZ). Topics such as employment relations, changes in production, operational issues or any other topic that is brought to the table are discussed there.

Collective bargaining, on the other hand, has specifically defined topics related to working conditions, of which the most important remains the wage increase. This was especially highlighted by the trade union (#5CZ). In contrast, employers expressed reservations about

this tactic. In the interviewed company, the HR manager expressed a disbalance between employees' requests and what they offer for it:

They only asked for money, but the management asked what they offered me back. We struggle with absenteeism, and we need to keep occupation and safety regulations, but trade unions in the bargaining did not offer anything to improve but only articulated the need for increased wages. (#8CZ)

The interviewed company was one of the few that experienced a strike at the company level in recent years. Both trade union and employer representatives mentioned that after the strike, relations improved, and the level of trust increased. Trade unions interpret this as gaining the respect of employers, showing them that employees, if not listened to, have the power to raise their voices (#5CZ). HR manager, on the other hand, regarded the situation as narrowing down the expectations of the management and trade union and aligning with the local culture (#8CZ). Both sides used intermediaries to negotiate the conflict. According to the expert, the conflict was mostly accounted for by different culture of foreign management (#15CZ).

In **banking**, we build our evidence on three interviews with trade unions in three different companies in the banking sector. In each of them, collective bargaining is held regularly, and the relationship with the employer is described as constructive. Also, all confirmed that personalities are crucial for better results and that personal relations are the most important. Given the fact that all three companies are owned by foreign capital, the question of language and cultural proximity was also mentioned as important in building trustful relations with the managers, with the preference for local (Czech speaking) management (#2CZ, #3CZ, #4CZ).

Social dialogue at the company level is usually regular, dealing with day-to-day issues such as employment relations and measures to improve health and safety. Relations are less conflictual when trade unionists' requests do not require additional spending (#4CZ). Collective bargaining at the company level concerns not only wages but also other aspects concerning the home office, health and safety regulations, or compensation for damaged equipment provided to employees. According to trade union representatives, it is easier to reach agreements over non-wage topics, such as health and safety measures, especially if those do not imply any additional costs (#4CZ).

Compared to the metal sector, in banking, the strike is understood as the absolute deal breaker. To demonstrate the stake, there was a strike in the bank in Slovakia that operates also in Czechia. The trade union in the Czech branch of that company mentioned that this event partially deteriorated the trust of the Czech management towards the Czech trade union when it took some effort to explain to the management that the Czech trade union would not protest like their colleagues in a neighbouring country (#3CZ). However, in another bank, trade unionist regarded strike as a valid option and a part of the industrial relations, if necessary (#4CZ). Nevertheless, engaging workers in strike participation remains complicated, and strikes never happened in the banking sector (#4CZ).

The case study in **transport** covers the urban public sector company employing 11 thousand employees and having more than 20 trade union organisations. This is because of the different branches and services the company offers. Despite the high number of organisations, there is one company-level collective agreement that is regularly concluded between all trade union organisations and the management. Trade unions cooperate since the legislation requires a unified approach for all trade union organisations in the workplace. Since 2025, the legislation has allowed for the biggest organisation, in terms of the number of members, to conclude the agreement if not all trade unions agree. This may change company-level industrial relations in the future.

Relations at this company are described as constructive, with a strong emphasis on following the set rules and standards. For this reason, personal relations do not play a significant role here, and more emphasis is put on the definition of rules and maintenance in the company (#13CZ). Topics that dominate the interaction are related to health and safety and wages. The strike is regarded by the trade union representative as a tool to advance working conditions, but similar to banking, much emphasis is put on specific company rules and standards that need to be aligned with employees' needs (#13CZ).

Anchoring trust in higher-level institutions

In the case of the **metal sector**, trade unionists from the company level expressed a high level of trust in sector-level organisation. Trade union OS KOVO provides legal services and, in many cases, supports unionists in collective bargaining by either consulting the tactics and demands or by direct participation in collective bargaining. In the case of employers, there is little cooperation with the sector-level organisation on the issues related to social dialogue and collective bargaining. This is because of the autonomy of employers, they do not need to share the information with the employers' association. Instead, in the case of conflict, they rely on the private services of experts on collective bargaining or on law experts. This form of professionalisation of collective bargaining was observed as an increasing trend in the sector (#15CZ).

Among unionists from **banking**, the opinions on sector-level bargaining diverged. While some appreciated better negotiations at the company level, thanks to finetuning positions during the sector-level bargaining, others suggested that employers use sector-level bargaining to limit the competitive pressures on the labour market by keeping the wage levels similar across the sector. As a trade union representative confirmed, the difference in wages between the banks is low, and they mostly differ in benefits with which they try to attract employees (#1CZ). Moreover, trust in sector-level negotiations is hampered by limited internal discussion prior to negotiations and limited information sharing during the negotiations (#4CZ). On the other hand, the mere existence of collective bargaining at the sector level was appreciated by the respondents, acknowledging that this is rare in the Czech context.

In **transport**, sector-level bargaining was regarded by company-level representatives as “something completely different” compared to company level bargaining because of dealing with different issues and topics (#13CZ).

Effects of trust according to local level actors

In the case study in the **metal** sector, the improvement of social dialogue at the company level led to improved working conditions and wages and their regular increase. At the same time, less was gained in terms of absenteeism or other topics that are in the interest of the employer (#8CZ).

In the **banking** sector, respondents confirmed that well established social dialogue is beneficial for employees. Especially the good interaction between the sector and company level was highlighted as beneficial for employees. For local-level actors, it is important to see what is in the sector-level agreement as they can see what the starting point for company-level bargaining is. Mutual communication among trade unions from different companies is beneficial as well. They share their demands and type of benefits for employees and thus spread the knowledge and demands across the sector, and at some point, this demand enters the sector level bargaining to set it up for the whole sector, such as the case with home office regulation (#1CZ).

In **transport**, respondents mostly highlighted the effects of distrust in the part of the sector where the sector-level bargaining deteriorates. In effect, trade unions have more work to coordinate via company-level bargaining. The level of distrust varied with the individual employers, in extreme cases, the sector-level union representatives were denied access to company-level bargaining. In that case, they wait outside the room and wait for the timeout to advise the negotiators, which makes the negotiations inefficient (#12CZ).

Interestingly, also organizing activities were mentioned in the interviews as conflictual activity at the company level across all sectors, and some unionists abandoned organizing activities in order to keep good relations with the employer (#6CZ).

Dimensions and bases of trust at the local level

At the company level, the trade union representatives in **automotive** emphasised personal trust as crucial. On the other hand, an expert engaged in negotiations on the employers' side perceived it differently, emphasising that in the case of multinational corporations, managers have a set budget for wage bargaining, and thus, it is not that much dependent on personal relations but on the limits set at the corporate level.

For trade unionists, the major issue in the case of foreign-owned companies in automotive is the turnover of the management, which might change often, or if the company is sold to a new owner. In that case, respondents emphasised that the relations have to be built from scratch.

The best case is when the manager knows well the unionist, and they sit privately and show each other cards. (#7CZ)

But as emphasized by the expert, in many multinationals, personal directors/HR managers are also employees and there is not negotiation with the owner, but between employees. HR managers have instructions over the budget and thus personal relations can't play that significant role (#15CZ).

Trust is also developed throughout time; the more collective agreements are signed, the better the relationship. This is attributed mostly to increased trust between the partners. In the specific case of the company that experienced the strike, this exceptional event led to an increase in trust, mostly because of the intensified social dialogue and understanding of each other's preferences and demands after several years of conflict (#8CZ, #5CZ).

At the company level in the metal sector, we observe that most of the social dialogue is based on **deterrence-based trust**, which is when companies are obliged to negotiate due to legal obligations. **Inequal power relations** play a significant role here, with unionists suffering from significant information asymmetry about the budget constraints set by the management at the corporate level months ahead of the bargaining (#15CZ). This, however, does not have to be the case for all companies, as the landscape of company-level bargaining is more diverse, and some companies may experience knowledge-based or even relational trust, which would be the cases when management recognises the value added of the social dialogue at the company level and were unions operate for decades.

In the **banking sector**, personal relations were also emphasised as important, along with the cultural background of the managers. In one of the banks, the social dialogue improved after the management change, accounting mostly for the language proximity and better understanding of industrial relations system in Czechia. This does not mean significant gains for workers but rather a better atmosphere and dialogue between social partners (#4CZ). Thus, trust in banking case studies is mostly relational.

In contrast, **in transportation**, at the company level, the rules were mostly emphasised as crucial, while personalities were not regarded as the most important factor of trustful relations. Here, the belief in legislation was emphasised as crucial to keep the complex system of transportation fair to all employees, suggesting that knowledge-based trust plays a significant role in this case.

The role of foreign ownership

In the interviews in banking and automotive, **foreign ownership was highlighted as a factor that influences trust at the company level** in at least four ways:

One relates to cultural and language differences, mostly referring to the ability to understand needs and requests mutually. This is visible in the case study in automotive, where the strike was attributed to the management not being willing to discuss the trade

union's requests and, in banking, suggesting better communication with the local management.

Second, in banking, the obvious was the big managerial differences between the different owners. While in the bank owned by the corporation from country A, the negotiations are difficult, and they meet even 10 times, but nothing changes, while in the bank owned by the corporation from country B, it is much easier to set the agreement (#1CZ)

The third aspect is related to the fact that the branches of multinationals have limited budgets for wage increases from their mother company, and thus, the budget is set before the bargaining enrols. This means that the negotiation is then limited to the split of this budget but not its actual size, and it cannot reflect, for instance, last year's profits, etc. The expert regards this as *virtual bargaining*, showing the power disbalance from which employers are profiting.

Fourth, an aspect highlighted in banking was that industrial relations in the mother countries influence the bank's decisions on wage allocation based on the sector-level agreement, while in Czechia, the negotiations are only at the company level, and employees are thus in a weaker position. In effect, in the mother countries, there is wage indexation in the collective agreements, while in the Czech banks, the wage indexation is rarely in the provisions, and employers refused to include it in the sector-level agreement (#1CZ).

Intra-actor and inter-actor trust

Across the interviews, high trust in own representatives and members was identified in the trade union organisations. On the member's side, it was the trust in a sector-level trade union organisation as an institution that offers good quality services and stands for workers in the case of need. Legal services for the members were especially appreciated, often beyond the defence of employment rights, encompassing a broader defence of civil rights. On the side of sector union representatives, it was a trust in company-level representatives and an effort to help them in negotiations, recognising the power imbalances when negotiating with the employers.

In banking, we observe diverged opinions in terms of the trustfulness between company and sector-level representatives. On the one hand, there is an appreciation of the coordinated bargaining and information sharing among unionists (#2CZ); on the other hand, there is disagreement about the extent of information which sector-level trade union representatives share during the negotiating sector agreement, but also to what extent to share the information from ongoing negotiations with employees (#4CZ). Here, the preference to build trustful relations with the employer was prioritised over information sharing with companions in the trade union. However, respondents perceived the information sharing across companies to be beneficial.

In contrast to high trust in one's own associates, trustful relations with counterparts were much less present. Even in the case of transport, where the sector collective agreement is

signed for regional transport workers, the relationship with the employer was assessed as neutral. Only in the banking sector was the trust in the direct counterpart higher. Low trust in employers was associated with significant power imbalances, recognising the high disproportionality in information and knowledge of negotiation techniques in the metal and banking sectors. As a response, the professionalisation of the negotiators was a recognised trend in automotive, but on the trade unions' side, the limited personal and financial capacities prevented the effort to counterbalance the employer's power.

1.5 Conclusions

In the metal sector, we observe the lack of institutional trust as the main reason why sector-level bargaining is not present. **Institutional trust** can be assessed by whether actors choose to engage in the relationship or not (Rus and Iglič 2005, cited in Deliverable 2.1.). Since, in the case of automotive industry stakeholders, the level of engagement remains such that collective bargaining is refused from the employer's side, this can be interpreted as the low level of institutional trust in this sector.

Based on the forms of cooperation described between the social partners from the metal industry, we assess their relations as **deterrence-based trust** within the context of low trust in institutions. This yields no interest in collective bargaining on the employer's side, while their preference is on the trade unions' side. Collective bargaining is then present at the company level, which is also required by the legislation if trade unions at the workplace are present and demand bargaining. The power disbalance between trade unions and employers is obvious here, further deteriorating the trust-building mechanisms.

In banking, we can talk about a higher level of trust in the institution of collective bargaining as the social partners engage in social dialogue. Also, new topics such as home office regulation have appeared there, suggesting that it is a vivid tool for addressing issues in the sector. Thus, it suggests that social partners are closer to **knowledge-based trust**, which both sides recognise as knowledgeable counterparts relevant to pursuing interests in mutual negotiations.

Table 9.2. Summary of types of trust across the sectors

Sector	Type of trust	Case details
Metal	Deterrence-based trust	Employers engage in interaction with employers only when needed (projects and common positions towards EU policies)
Banking	Knowledge-based trust	Employers and trade union engage in negotiations regularly and with an effort to regulate wages and working conditions in the sector.

Transport Regional public transportation	Calculus-based trust	There is an effort to coordinate at the sector level, but also to address the ministry, when a unified approach of social partners, they got more attention from the ministry and gain more.
Transport Urban public transportation	Deterrence-based trust	Collective bargaining only at the company level since 2025 and, in some cases, hostile employers.

Source: own compilation based on the interviews

Interestingly, while both banking and automotive are dominated by foreign capital, this yields different results in terms of engagement in social dialogue. Here, we observe a different level of trust in the institution of collective bargaining. The most differentiating factor is the number of companies and the presence of the “value chains” in the specific sectors. While in banking, there are several big companies employing thousands of workers competing with each other horizontally, in the automotive, there is also vertical coordination through supplier chains and highly hierarchical powers and resources, which mirrors the wage levels. This prevents coordination on the employers’ side and decreases the trust in institutions of collective bargaining as an effective mechanism for narrowing the competitive environment in the sector.

In the transport sector, we followed two different subsectors where we found different types of trust. While in the regional transportation the calculus-based trust was based on the understanding that the common approach yields better results for the sector regulation, in the case of urban transport the deterrence-based trust was identified at the sector level. We summarize the results in the Table 2.

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