

# The future of workers in the automotive industry in Slovakia

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# Motivation

- CEE: from a low-wage region, 'assembly line' of the EU and high work-related (e)migration to booming economies, labour shortages, wage rises
- Automotive industry as a leading sector of the economy in many CEE countries
- New labour market dynamics: changes in characteristics of production and in the demand for particular skills in the context of digitalization (next crisis?)

**Implications for the future of work and workers in the automotive industry in Slovakia**

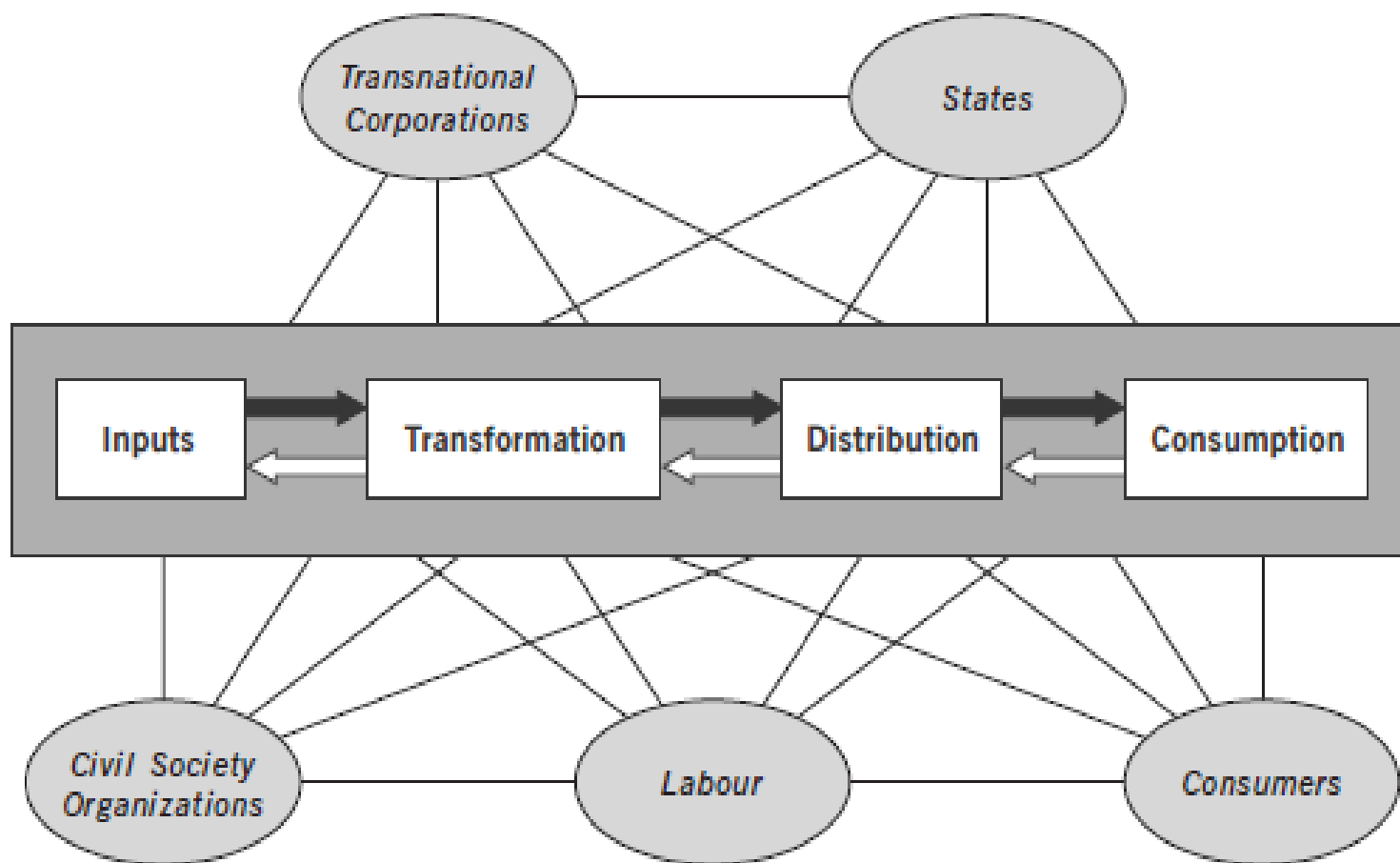
# Aim of the study

*Changes expected in labour demand, work content, and in workers' organizing in the automotive industry*

- Contextualize future developments within digitalization and associated changes in GPN governance
- Possible scenarios and government and trade union policies to tackle upcoming challenges



# Actors in global production networks

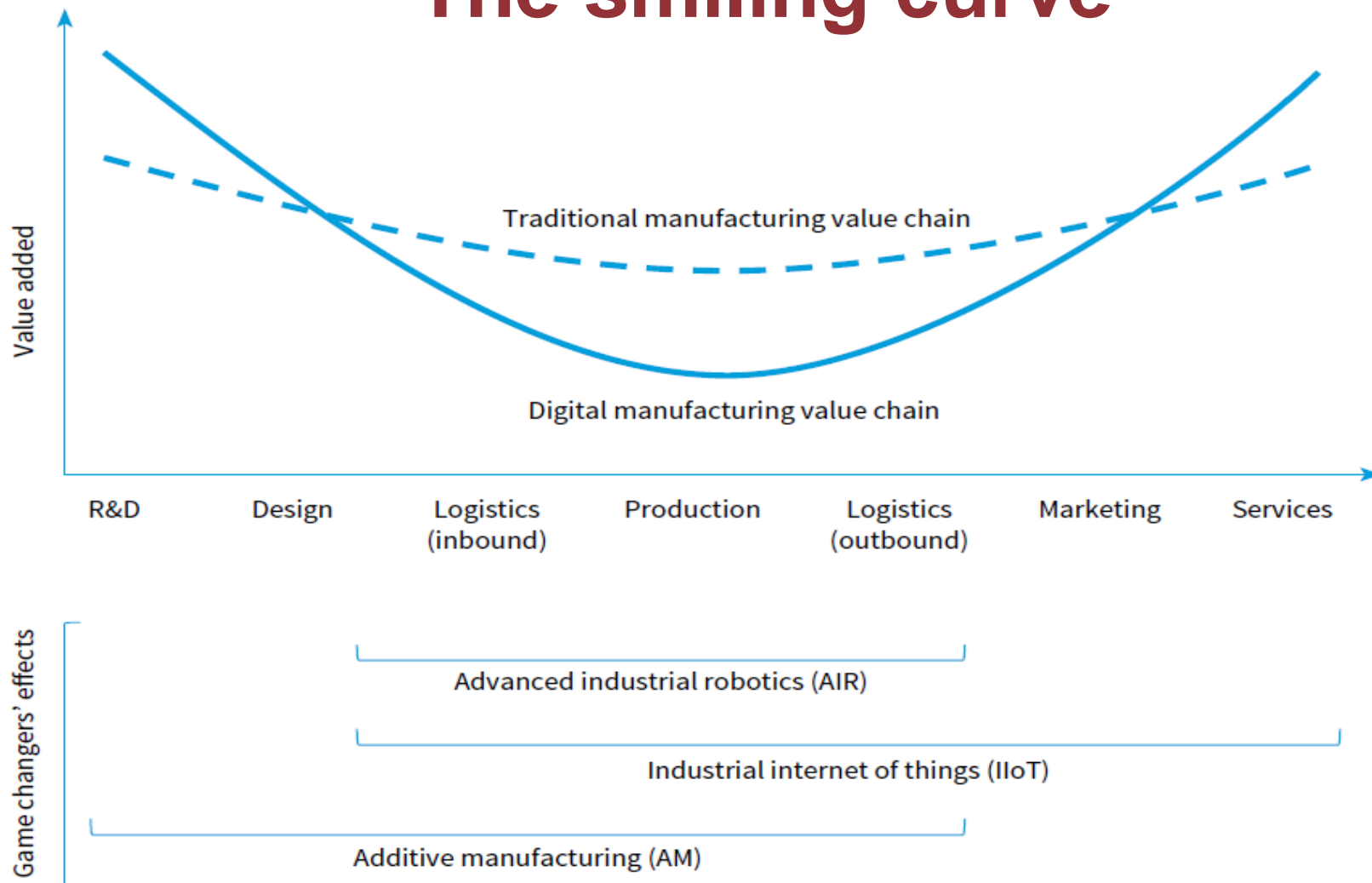


Source: Dicken et al. 2010

# CEE as an integrated periphery

- Part of global production chains mostly plugged-in through manufacturing
- Low labour costs as the main comparative advantage
- High percentage of manual workers (only 14-18% with high education level attained)
- Low share of work in value creation
- Presence of MNCs, value added in foreign owned firms  
Associated high dependence on exports and foreign demand
- Threat of reallocations and/or non-integration into the new value chains

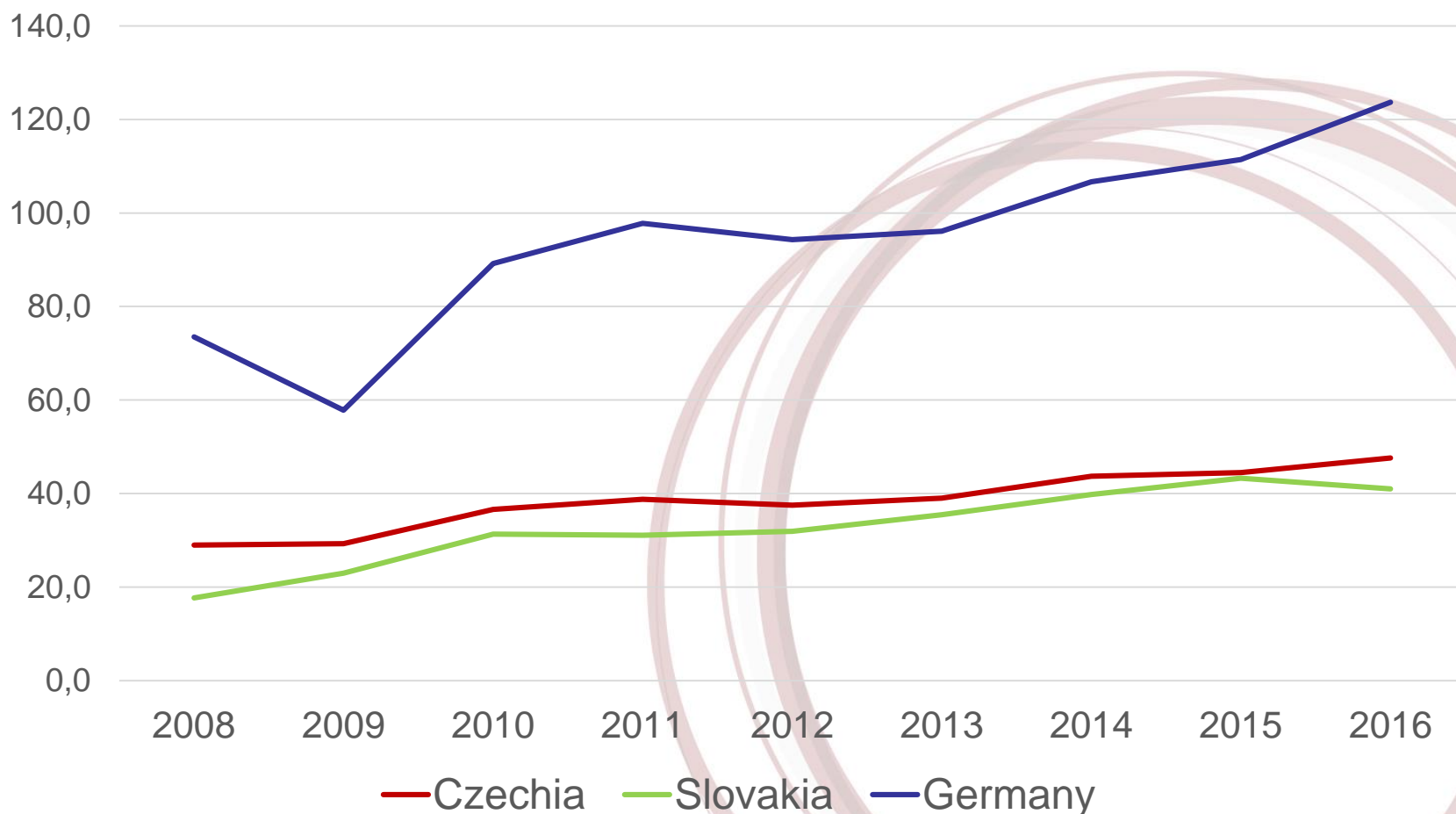
# The smiling curve



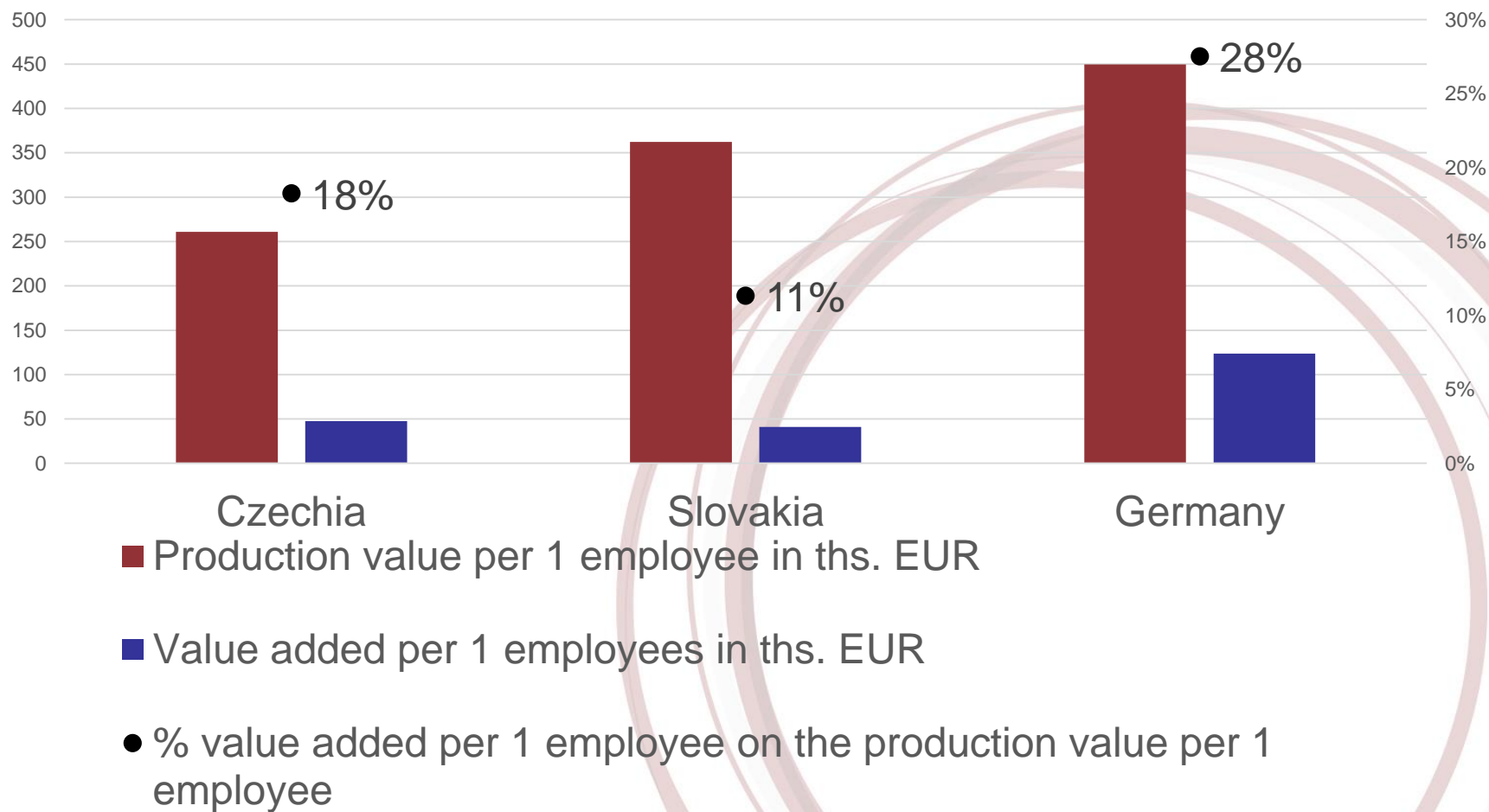
Source: Eurofound 2018a



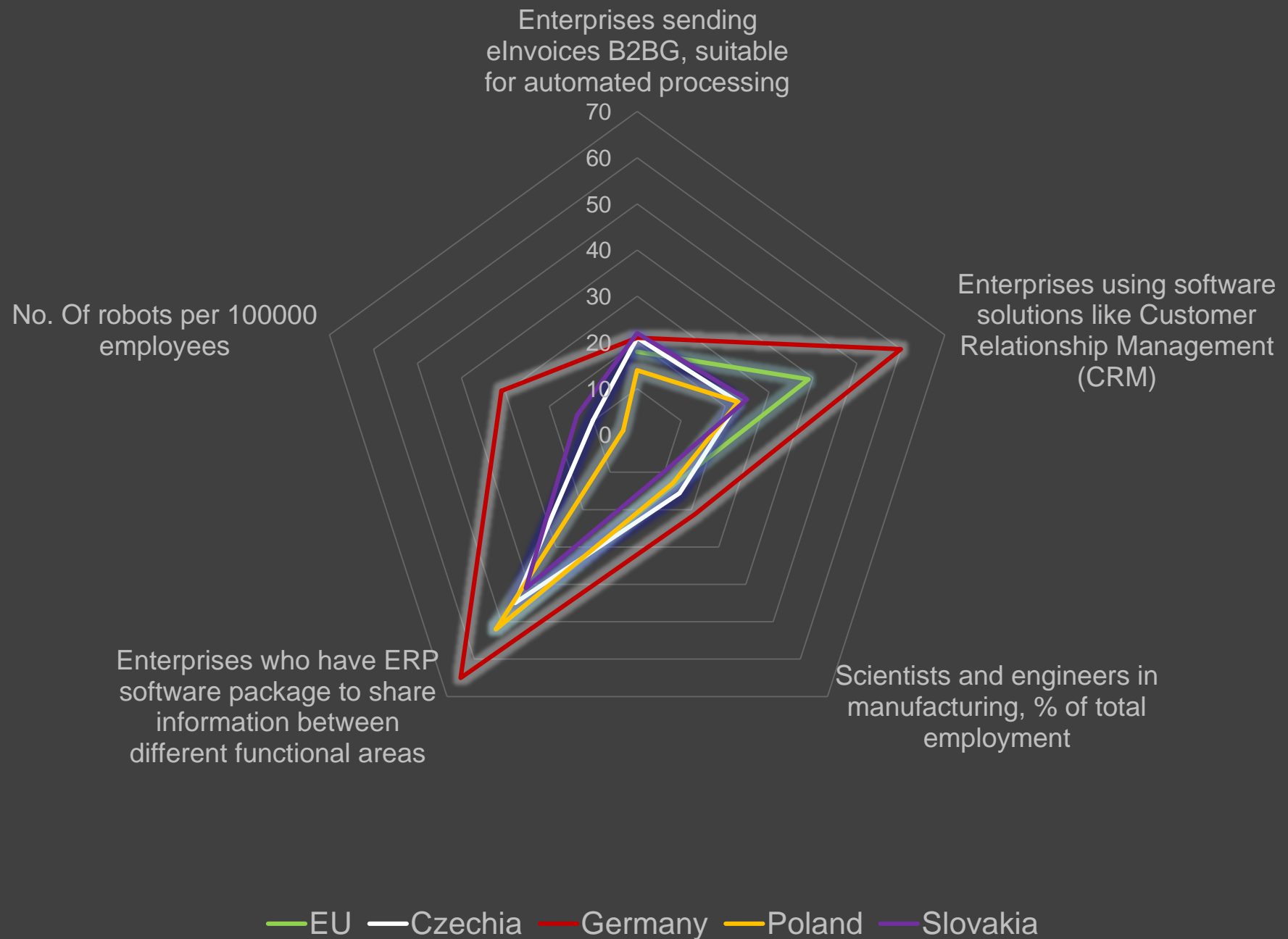
# Value added per employee in the automotive industry (thousands of EUR)



# Production value and value added per employee (in thousands of EUR)







# National policies and digitalization

|   | Czechia  | Slovakia                                       |
|---|--|--|
| Action plan to be prepared for new technologies     | Yes (in 2017) but without budget (Eurofound 2018a) | Yes (in 2018)                                  |
| State subsidies specifically on innovations and R&D | No<br>(90% to new workplaces in manufacturing)     | No<br>(98% to new workplaces in manufacturing) |
| Specific strategy on jobs transformation            | No   | No   |
| Platform economies employment strategies            | No   | No<br>(legislation to combat AirBnB)           |
| Universities and private sector cooperation         | Underdeveloped                                     | Underdeveloped                                 |
| R&D expenditures                                    | 1.95 % of GDP                                      | 1.13 % of GDP                                  |
| Skills mismatch                                     | High   | High   |

# Scenarios and recommendations

1. Status quo
2. Strengthening the manufacturing position
3. Integration into the global chains with higher value added activities
4. Path creation strategy (inter sectoral upgrading)

## Recommendations

- **Public policy:** more explicitly target support for R&D activities, attract investments with high value added, facilitate a closer interaction between the education system and firms, support skilled migration, support measures to enhance cooperation between firms and universities
- **Trade unions:** develop new organizing practices and support and promote workers' requalifications and life-long learning, understand the ongoing changes at the company level, demand greater involvement in information, consultation and negotiation processes at the company level, proactiveness in government policy issues

# Thinking about future research

- We still miss information about the dynamics of working conditions changes under digitalization in Slovakia
- Similar research in Czechia reveals a knowledge gap in what workers expect and what is expected by experts => workers are too optimistic
- Migration not covered in the report, but should also be in the spotlight of research on the impact of digitalization (high skilled vs. low labour migration policies)
- Changes in the GPN governance should be studied, especially at lower levels of analysis

The background is a deep red color with faint, sketchy outlines of people's heads and shoulders. A large, dark red circular graphic, composed of several concentric, slightly offset lines, is centered on the slide.

# Thank you for your attention!

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