Evaluation of Results, Efficiency and Impact of the 2007–2013 Measure to Facilitate Social Dialogue in Lithuania

Summary of the final report

19 April 2016

Commissioned by the Ministry of Social Security and Labour of the Republic of Lithuania according to the terms of contract No. D4-235 of 4 December 2015
SUMMARY

In December 2015, the Ministry of Social Security and Labour of Lithuania commissioned evaluation of the measure to facilitate social dialogue (in the Operational Programme of Human Resources 2007 – 2013) to assess its results, efficiency and impact. This evaluation was performed by the experts of ESTEP Vilnius by April 2016.

The measure was evaluated by: (1) analysing administrative data and documents supplied by the Lithuanian European Social Fund Agency (ESFA) as well as relevant policy documents, (2) analysing all collective agreements at territorial and sectoral levels (facilitated by the measure) and a representative sample (23 percent or 60 from the total of 263) collective agreements concluded at the enterprise (organisation) levels, as well as one third of statutes of the safety and health committees and all statutes of tripartite and bipartite councils, commissions and committees, (3) 12 interviews made with policy makers, implementers and project managers (as financed by the European Social Fund (ESF)), and, finally by (4) surveying direct beneficiaries of this measure, namely, representatives of employers and employees, training participants. Invitations to participate in the internet based survey were sent to 12850 participants who supplied their e-mail addresses to ESFA. 815 of them answered all questions. Importantly, the response rate at the enterprise (organisation) level was much higher, satisfactory indeed, as 23 percent of representatives of employers and 26 percent of representatives of employees responded to the survey.1 Four sectoral analyses (enforcement of law (police), education, wood processing industry and services) were made by drawing on the content analysis of agreements concluded, interviews and survey data.

Facilitation of social dialogue in Lithuania from the European Social Fund was designed and implemented in 2007-2015 because of the relative weakness of social dialogue traditions. According to the data used by the European Commission, in 2012 union density in Lithuania was 9 percent, employer organisation density – 14.4 percent and bargaining coverage comprised 10 percent of wage earners. The combined total of these three factors relegated Lithuania to the 26th place among the EU28 member states. Facilitation of social dialogue was eligible for financing from the European Social Fund also because the weakness of social dialogue has been noted on several occasions by the European Commission.

It is also notable that satisfaction with working conditions in Lithuania is also one of the lowest in the European Union. According to the data of Eurofound (European Foundation for the Improvement of Living and Working Conditions), in 2005 only 68 percent of Lithuania’s employees assessed their working conditions to had been as very good and good. This was the third lowest score in the EU, surpassing only Greece and Bulgaria (EU27 average in 2005 stood at 82 percent). The data in 2010 was very similar – Lithuania’s score was 70 percent, exceeding only the Greek one, while EU27 average was 83 percent.

The measure to facilitate social dialogue in Lithuania was financed from the ESF allocation of 2007–2013. It was implemented in 2011–2015. It continued activities previously (in 2007 – 2011) financed

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1 Questionnaire for this survey (in Lithuanian) can be found and consulted in the final full evaluation report, which will be uploaded to the websites www.esinvesticijos.lt by the Ministry of Finance and www.socmin.lt by the Ministry of Social Security and Labour. A total of 46 questions were asked, and some of them were synthetic (i.e. measuring more than one aspect).

2 Calculated according to the data of ICTWSS (Database on Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts). Union density is calculated as net union membership as a proportion of wage and salary earners in employment. Employer organisation density is calculated as the proportion of wage and salary earners in firms organised in employers’ organisations. Bargaining coverage measures the % of employees covered by collective wage bargaining agreements as a proportion of all employees with the right to bargaining.


4 Including co-financing from the state budget of Lithuania and participating companies and organisations; the latter contributed 50 thousand EUR to activities financed by the measure of the ESF.
from the state (budgetary) programme on *Strengthening of the Social Dialogue*. This measure was aiming at higher bargaining coverage through conclusion of collective agreements in the enterprises, territorial and sectoral levels. Accordingly, these were the main performance indicators.

Planned and achieved products and results are compared in the table below.

<table>
<thead>
<tr>
<th>Monitoring indicators</th>
<th>Planned scores</th>
<th>Achieved scores (31 December 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Product level indicators</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of individuals participating in training(^5)</td>
<td>15 000</td>
<td>23 688</td>
</tr>
<tr>
<td>Number of initiated collective agreements (except for the sectoral level agreements)</td>
<td>800</td>
<td>286</td>
</tr>
<tr>
<td>Number of initiated sectoral level collective agreements</td>
<td>15</td>
<td>13</td>
</tr>
<tr>
<td><strong>Result level indicators</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of training participants who successfully completed trainings (and were awarded training certificates)(^6)</td>
<td>9 000</td>
<td>21 563</td>
</tr>
<tr>
<td>Number of concluded collective agreements (except for the sectoral level agreements)</td>
<td>600</td>
<td>284(^7)</td>
</tr>
<tr>
<td>Number of concluded sectoral level collective agreements</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>Number of tripartite and bipartite councils, commissions and committees established in the counties and municipalities</td>
<td>20</td>
<td>44</td>
</tr>
<tr>
<td>Number of safety and health committees established in the enterprises and organisations</td>
<td>70</td>
<td>151</td>
</tr>
</tbody>
</table>

The measure to facilitate social dialogue was implemented through the two rounds of calls and 32 projects. The types of applicants who were awarded ESF support and the amounts granted are presented in the table below.

<table>
<thead>
<tr>
<th>Type of project implementers</th>
<th>No.</th>
<th>Amount actually paid(^8), EUR</th>
<th>Share of the total amount paid for the measure, in percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Unions</td>
<td>10</td>
<td>1 744 297.71</td>
<td>42</td>
</tr>
<tr>
<td>Associations</td>
<td>7</td>
<td>1 515 495.74</td>
<td>36</td>
</tr>
<tr>
<td>Chambers of Commerce, Industry and Crafts</td>
<td>4</td>
<td>552 938.56</td>
<td>13</td>
</tr>
<tr>
<td>Enterprises</td>
<td>7</td>
<td>217 441.79</td>
<td>5</td>
</tr>
<tr>
<td>Budgetary Organisations</td>
<td>4</td>
<td>146 728.98</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>32</strong></td>
<td><strong>4 176 902.78(^9)</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

\(^5\) All trainings were conducted in 18 broad training topics. Majority of training participants and therefore beneficiaries of the whole measure originated from the public sector. Education, enforcement of law (police) and culture were the dominant sectors within the public sector.

\(^6\) This is a sum of the number of training participants who successfully completed trainings (awarded training certificates, N=21 563) and number of participants in other activities of the measure (for example, in study visits, round-table discussions).

\(^7\) 263 enterprise-level and 21 territorial level collective agreements were signed.

\(^8\) Financed by the ESF and co-financed from the state budget of Lithuania.

\(^9\) During the second call for applications non-associated enterprises and organisations (i.e. which do not belong to employer organisations) could also apply, but only if they provided co-financing. Three public (budgetary) organisations and seven private enterprises were awarded ESF financed projects. They contributed 52 thousand EUR, thus the grand total investment into facilitation of social dialogue stands at 4 229 060 EUR.
The underlying logic for state intervention in this policy area is presented in the picture below.

The following conclusions can be drawn from our evaluation:

1. Regardless of its size, it is obvious that the investment (financial incentives) from ESF could not have had caused a breakthrough in low levels of social dialogue in Lithuania. Regulatory incentives which were missing at the time of conception in 2007 but are currently debated in the Parliament (in the package of laws popularly labelled as the new „social model”) could have been far more important. The breakthrough (if one measures it by the levels of association of employers and employees) could not have been achieved also because the beneficiaries of the measure could have been only the enterprises and organisations with operating trade unions or employee representatives and employers belonging to employers’ organisation. Only during the second and final call for applications, non-associated enterprises and organisations could apply, but this call was not very successful due to insufficient promotion and attractiveness to enterprises.

2. Performance criteria in the future should be designed so as to enable the capture of results and impact too. The number of collective agreements concluded is not a good performance criterion, because, if applied in isolation, nudges the participants towards formal compliance (one-off event) with it instead of motivating commitment to dialogue as continuous process and qualitative aspects of it which are best measured by satisfaction with working conditions (in general and 14 various aspects as measured in our survey). Together with attribution of change in working conditions to the measure of facilitation of social dialogue would capture the impact. The results would be best measured by studying the work of health and safety committees, bipartite and tripartite bodies and actual use of provisions of collective agreements – again, something which the evaluators attempted to capture from the survey. Moreover, we recommend comparison of the results achieved and impact caused in the beneficiary group (i.e. enterprises treated) with the overall situation in Lithuania or in untreated group. For this to happen and in order to drive objectives of the policy10, more attention should be given to data collection and analysis about the situation in the Lithuanian enterprises and organisations. Eurofound surveys are a useful starting point, but should not be the end.

3. Although practices of other EU member states investing European Social Fund money or indeed any public money to facilitate social dialogue are (strikingly) not very well described and even less is known about their results and impact, nevertheless the descriptive summaries of similar measures implemented in Poland, Slovenia, Hungary, Croatia and Slovakia (i.e.

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10 Namely, to connect to the objective of “better quality” jobs. This objective remains by and large a rhetoric statement in Lithuania’s public policy documents and does not yet lend itself to operationalization.
4. The analysis of contents of collective agreements shows that majority of them (as facilitated by ESF) were concluded in the public sector at all levels (enterprise, territorial and sectoral). However, the public sector is rather tightly regulated by laws and therefore it is next to impossible to “squeeze in” additional elements into collective agreements other than provisions of the Labour or Civil Service codes. Thus collective agreements could not have opened up new or additional space for improvement of working conditions for employees in the public sector. In the private sector, on the contrary, examples of qualitatively new provisions were found in the collective agreements. As a rule, this “extra space” was created in enterprises already with some previous experience of industrial bargaining.

5. Content and formal (legal) analysis of agreements concluded points to the lack of capacity and knowledge of labour law, management, economics by both contracting parties (employers and employees). However, enterprise (organisation) level collective agreements were evaluated as functioning in practice by 75 percent of employee and 60 percent of employer representatives. The measure has certainly boosted institutionalisation of social dialogue through creation of bipartite and tripartite bodies (commissions, committees and councils). Interviews have confirmed this assessment as participants thought them to have been useful. About 50 percent of survey respondents concurred with this view. However, the measure was designed to cater for this less than for facilitation of collective agreements. About a half of established health and safety committees appear to be functioning in practice, even if their statutes are insufficiently adjusted to the individual circumstances in the enterprises and organisations.

6. In terms of the impact of the ESF investment, as noted above, 75 percent of employees and 60 percent of employers think that collective agreements concluded are functioning in practice and have been useful. 40 to 60 percent of enterprises and organisations who benefited from this measure underwent major events during the past five years (2011-2015): restructuring, layoffs and hiring were important for about 40 percent of enterprises, changes in working time arrangements, health and safety at work – to about 50 percent, training and organisation of technological processes – to 60 percent. 29 percent of employer representatives and 22 percent of employee representatives thought that employees and their representatives had a big impact on solutions of these events, while 44 percent (in each of the groups) thought that they had “some impact”. The benefit of training was evaluated to had been as very good and good – in each of 18 broad training topics the ratings exceeded 70 percent from all participants (not limited to representatives of employees and employers).

7. The current working conditions in participating enterprises and organisations were assessed as very good and good by 83 percent of employer and 58 percent of employee representatives. 1.3 percent of employer and 7.2 of employee representatives think that they are bad or very bad. Improvement in working conditions during the past five years was observed by 71

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11 To be fair, levels of investment from Nordic countries and number of companies and subsidiaries operating in Lithuania is significant and therefore transfer of social dialogue practices is taking place. We did not have a chance to study the extent and effect of this transfer.

12 Major events are events in the enterprises and organisations significantly affecting working conditions and standing of employees.

13 When calculating the share of the total, missing answers (ca 20 percent of both employer and employee representatives) were included too. If impact was calculated only from those who answered this question, it would have been higher.
percent of employer and 58 percent of employee representatives, 12 percent of employee representatives stated that working conditions declined. Majority of employer and employee representatives thought that contribution of the measure to facilitate social dialogue was big, and this time employers and employees concurred on the magnitude. The biggest contribution was produced by the following activities: (1) training of employee representatives (employer/employee agreement about the big impact was 55/44 percent), (2) training of other employers (30/45 percent), (3) preparation of information and methodological materials (32/37). Study visits in this regards (contribution to change of the working conditions) were thought to be least useful, valued by only 13/14 percent. Various (14) aspects of working conditions were analysed too. The data are presented in the Lithuanian version of the report.

8. In order to assess efficiency of this investment, we compared the cost of one training hour per participant with comparable measures of the same ESF funded 2007-2013 Operational Programme for Human Resources in Lithuania, namely for training of civil servants both at central and municipal levels. The hourly cost per participant for measure of facilitation of social dialogue was 15.5 EUR/hour and was comparable to training projects for civil servants of the central government (13.3 – 15.8 EUR/hour), but was higher than for municipal projects (6.6 – 8.1 EUR/hour).

9. It was rather difficult to evaluate sustainability of results achieved. On the one hand, it is clear that trainings were useful to participants who gained new knowledge and skills. It is also clear that institutionalised forms of social dialogue are being used. The prospects of sustainability are much higher in the enterprises and organisations with some previous experience of bargaining, as evidenced by much better quality of collective agreements and their continuous renewal. On the other hand, insufficient attention was paid to facilitation of informal social dialogue and a reach-out to non-associated employers and employees. New technological tools, such as social media should be more actively used, and transfer of positive experience encouraged and ensured. All this could and should be addressed during 2016-2020.

10. As regards the future policy of facilitation of social dialogue, the absolute majority (95 percent) of the beneficiaries of the evaluated scheme think that the state should continue interventions in this regard but about 75 percent of both employee and employer representatives want new approaches. Employer representatives think that the best way to strengthen social dialogue would be to (1) raise general literacy of Lithuanian citizens through improvements in secondary formal education (50 percent thought it to be the most important line of action.), (2) integration of social dialogue issues in the programmes of formal education (45 percent) strengthening of capacity of trade unions and employer organisations (correspondingly 43 and 41 percent). Regulatory incentives or requirements, strengthening of relevant public administration bodies were less popular ways among the employers, supported by 34-39 percent of them. Employee representatives favour strengthening of trade union capacity (67.5 percent), mandatory regulatory requirements (for social dialogue; 47 percent) and general literacy through secondary education (45 percent). While majority want new approaches, the traditional ones (used in 2007-2015) were endorsed too by 70-85 percent majorities.

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14 Several projects were randomly chosen from measures VP1-4.1-VRM-03-V Continuous Professional Training of Employees of State Institutions and Organisations and VP1-4.1-VRM-04-R Continuous Professional Training of Employees of Municipal Institutions and Organisations. The numerator was calculated only by counting participants who were awarded certificates of completion, in other words, who were present at least 50 percent of the training time; the numerator was the total cost of the measure.

Recommendations are obvious from the findings presented above, but in the nutshell and in general terms are as follows:

(1) Bigger engagement and thus ownership and policy focus by policy making and implementing authorities (notably Ministry of Social Security and Labour and State Labour Inspectorate) into design and implementation of the new ESF funded measure in 2016-2020. On 12 February 2016, Minister of Social Security and Labour approved Action Plan to Strengthen Social Dialogue in Lithuania in 2016–2020 (No. A1-81). The contents of this plan is broadly in line with our observations and recommendations, but careful design of the terms of references for the implementer of the relevant ESF measure will be needed. State Labour Inspectorate under the Ministry of Social Security and Labour will be implementing this measure under a single project. It is a welcome move because it is likely to strengthen the policy input, design and better control of the outcomes, hopefully also better targeting and flexibility in implementation.

(2) Combination of financial incentives with regulatory policy, as envisaged in the Action Plan to Strengthen Social Dialogue in Lithuania in 2016–2020. ESF financed measure in 2016-2020 will be especially relevant if the Parliament votes for a package of laws introducing the so-called new social model in Lithuania.

(3) More attention should be given to evidence based policy making, collection of data and analysis. The situation in Lithuanian enterprises and sectors as regards working conditions should be continuously analysed, through Eurofound survey data and otherwise. Real and not just rhetorical link should be made between facilitation of social dialogue and policy objectives of achieving more better-quality jobs.

(4) The set of policy performance criteria should include result and impact indicators. Appropriate data should be collected either through evaluations as this one or through ESF fund applicant commissioned ex ante and ex post assessments.

(5) Transfer, sharing and dissemination of experience accumulated should be ensured through identification, nomination (and possibly motivation, at least in symbolic way through public recognition) of competence and excellence centres in social dialogue.

(6) The ESF funded measure in 2016-2020 should (a) reach out beyond associated employees and employers; (b) go beyond traditional trainings; (c) provide more flexible, individual needs driven support to enterprises; (d) also assist informal social dialogue. With improved supply side, the measure could be better communicated and public awareness could be raised about importance of social dialogue.

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16 The Lithuanian version of the detailed final report presents recommendations in more concrete terms.