



Features of micro and small enterprises Bulgaria and the Czech Republic

BULGARIA

The role of micro and small enterprises in the Bulgarian economy

Employment relations in Bulgaria: a general perspective

Evidence from literature and comparisons with the EU

THE CZECH REPUBLIC

The role of micro and small enterprises in the Czech economy

Employment relations in the Czech Republic: a general
perspective

Evidence from literature and comparisons with the EU

This paper forms part of the literature review, *Employment relations in micro and small firms* (2001), prepared by the Basque Institute of Research and Studies (Ikea). It is available in electronic format only and has not been subjected to the standard Foundation editorial procedures.

This paper analyses the situation of employment relations among the micro and small enterprises in Bulgaria and the Czech republic), and the two economic powers of Japan and the USA.

In this sense, the analysis will be based on the information collected by the participating research institutes, where this information will be analysed within the context of the information collected across Europe on this issue.

As it can be appreciated, the analysis is carried out on a comparative basis, since the existing differences amongst them are very wide in terms of legal frameworks, economic contexts, business ethics and culture, etc.

BULGARIA

The role of micro and small enterprises in the Bulgarian economy

The bulk of the Bulgarian enterprises is formed by micro and small enterprises, whose share is about 98% of the total number of active firms (see Table 1). From a sector perspective, micro and small enterprises are specially present in health and social work, education, tourism and business services. By way of contrast, they are specially less represented in mining and manufacturing activities, dominated by large companies.

Table 1: *Structure of Bulgarian enterprises by their size class*¹, 1999 (%)

	Number of enterprises	Employment
All enterprises	100.0	100.0
Micro enterprises	92.5	22.0
Small enterprises	5.5	15.3
Medium enterprises	1.0	9.2
Enterprises with employees between 101 and 250	0.7	13.5
Large enterprises	0.4	40.1

Source: NSI, own calculations

From an employment perspective, the Bulgarian micro and small enterprises account for 37.3% of the total employment. Interestingly, and from a dynamic perspective, the only two groups that have increased their employment share in the total are the micro and the small enterprises (+2.6% and +1.1%, respectively, between 1998-99), whereas employment in the other branches has experienced a significant decline.

The comparison with the EU-15 situation shows that the percentage of Bulgarian micro and small enterprises is quite similar to the EU standard (99%). However, and when related to employment (see Table 2), Bulgarian micro and small enterprises account for a lower share than the European average (37.3% in comparison to 51.8%, respectively).

¹ Micro enterprises are those with employment less than 10 people; small enterprises - with employment between 11 and 50 people; medium enterprises - with employment between 51 and 100 people; and large enterprises - with employment between more than 251 people. According to the Bulgarian legislation the firms with employment between 101 and 250 people should also be included in the group of the large enterprises.

Table 2: *Employment of the enterprises by size class (%), Bulgaria (1999) and EU-15 (1995)*

	Bulgaria	EU-15
Micro enterprises	22.0	32.8
Small enterprises	15.3	19.0
Medium enterprises	9.2	13.9
Large enterprises	53.6	34.3
Total	100.0	100.0

Source: *NSI (own calculations) and Eurostat.*

However, this result has to be taken with great care for as the Bulgarian data only reflect information on the official enterprises, so that the figures relates to the hidden economy are not taken into account. This fact is important, as it will be explained next.

In any case, a possible explanation to this higher importance of large enterprises in Bulgaria might be given by the role still played by the former state-owned mining and manufacturing enterprises, which still account for a significant employment share.

Employment relations in Bulgaria: a general perspective

To start with, it is important to have in mind that the transition from a state-owned economy to a market one in the early nineties has had and still has a dramatic impact on the Bulgarian employment relations.

Thus, and to start with, the legislative framework regulating this issue has been radically transformed. Two main pieces of legislation can be highlighted:

On the one hand, the Law on Collective Labour Dispute Settlement, adopted in March 1990 by the National Assembly. This Law provides the foundations of new collective labour relations.

On the other hand, the amendments introduced in the Labour Code since 1992, which have provided the legal foundations for the setting up of the tripartite partnership mechanisms aiming to better regulate the labour relations and to settle the collective labour disputes in the enterprises.

The Bulgarian system of employment relations is defined by the following traits, some of them quite distinctive of the Bulgarian situation:

- Freedom of Association is protected by law. In this sense, at this moment there are four officially recognised employers organisations (Bulgarian Chamber of Commerce and Industry, Bulgarian Industrial Association, Union for Private Economic Enterprise and the Union “Vazrajdane”, where in 1995 they established the Association of Bulgarian Employers, recognised as a member of the International Employers’ Organisation), and two officially recognised trade unions (Confederation of Independent Trade Unions and the Labour Confederation Podkrepa, members both of them of the International Confederation of Independent Trade Unions and the European Trade Union Confederation).
- In Bulgaria, and due to its recent economic and political past, social dialogue lacks tradition, so the State plays a crucial role for creating the conditions for full-scale participation of social partners. Thus,

employers' and employees' organisations participate in the collective management boards of institutions implementing state policy through a tripartite partnership. On the basis of the tripartism the following structures on national level have been created: Supervisory Board of the National Social Security Institute; National Council for Safety at Work; Supervisory Board of the National Employment Service; Assembly of the Representatives of the National Health Insurance Fund, Managing Board of the National Vocational Education and Training Agency².

- Linked to the previous point, social dialogue in Bulgaria is a process in motion. Thus, at the beginning of 1997 the Social Peace Pact was signed, determining that labour price has to be based on certain economic indicators. The nationally representative social partners signed a Memorandum for Understanding as well as a Social Partnership Charter. The social charter made provisions for the adoption of a package of social legislation acts - e.g. employment, health insurance, voluntary pension insurance, etc. In 2000, additional agreements were signed between the Government and the Trade Unions on the adoption of urgent measures to reducing unemployment, labour costs and remuneration, temporary employment contracts, post-privatisation control structures, form of labour relations.
- The Bulgarian employees' organisations are loosing their membership base due both to the liquidation of the large state-owned enterprises and to the resistance of the emerging private sector against union actions³. Moreover, and according to the Foundation for Entrepreneurship Development, even in the industrial centers with strong unionist traditions, trade unions have little influence in the newly established SMEs.
- There is a general pressure from the employers towards further deregulation of the Bulgarian labour market, specially in the area of labour contracts, working time and benefits in order to maintain the enterprises' low labour costs competitive advantages. Stress is on economic efficiency and competitiveness rather than on labour protection.
- Along with the development of the private sector in Bulgaria, business associations and professional bodies have began to rapidly emerge, so in the last nine years more than 7,000 non-profit organisations, mostly oriented to business, have been registered. Their main mission is lobbying⁴ for improving the business environment and provision of services - training, information, consultancy.
- According to the Labour Code, collective agreements regulate labour issues that are not regulated by legal mandatory provisions. Collective agreements are concluded by enterprises, industries, branches, professions and administrative and territorial units⁵, although Bulgarian employment relations are bargained more on a national rather than on enterprise level⁶. Interestingly also, the diminishing role of the State as employer reduces the State's interest in intervening in industrial relations except in cases of breaching the laws.

² Bulgarian National Observatory for Vocational Education, Training and the Labour Market, Role of Social Partners in VET in Bulgaria, Sofia 2000.

³ Bulgarian National Observatory for Vocational Education, Training and the Labour Market, Role of Social Partners in VET in Bulgaria, Sofia 2000.

⁴ Foundation for Entrepreneurship Development, Strengthening Business Associations Assisted by USAID and Competitiveness of Their Member Companies, Sofia, 1999.

⁵ Garibaldi P., Dimitrov L., Stoyanova G., The Bulgarian Labour Market: and Overview (February, 2000). Commissioned by the World Bank. Under printing.

⁶ Mrachkov V., Sotirova M., The Employer in the Framework of Labour Relations, Sofia, 1993.

- With the speeding up of the privatisation process, serious conflicts emerge between branch associations and branch labour confederations concerning the concluded agreements. Thus, trade unions insist on preserving clauses in the collective contracts of the former state enterprises, whereas the new private owners perceive these clauses as detrimental to the enterprise's development and performance.
- One of the main distortions affecting Bulgarian employment relations is related to the increasingly higher unemployment rate in the country (around 18% in the last 3 years). This fact obliges labour both to accept bad working conditions and to avoid conflicts with employers, especially amongst the lowest skilled people.
- Linked to the previous point, the share of the shadow economy is very high in the Bulgarian economy, specially in some of the small enterprises dominated sectors (hotels, car sales and repairing, construction) . Clearly, high levels of unemployment,⁷ low efficiency of the judicial system and low level of law enforcement⁸ nourish this shadow economy . Moreover, the social "tolerance" towards such phenomena is rather high .

Evidence from literature and comparisons with the EU

The subject of employment relations has received almost no attention in the growing number of Bulgarian publications on SMEs, so there are no specialised surveys on labour contracts and working conditions in micro and small enterprises.

In any case, the scarce available evidence can be summarised around the following points:

- As it has already been discussed, SMEs in Bulgaria are predominantly micro-companies. About 47% of the micro enterprises have no hired employees and those with up to two employees have a 26% share of total¹⁰ , where the majority of them are family businesses¹¹ .
- Thus, most micro enterprise entrepreneurs prefer to hire people from the family or the closed friends' circles, since the hiring of an external employee is still considered a difficult step to business growth (formalities, legal formalities linked to payment of social security contributions, etc). A survey shows that almost half of small employers hire mainly upon recommendations by relatives and friends, or by the employees, where support is mainly collected from family members. Obviously, the family employees do not have regulated their employment status¹² .

⁷ Institute for Market Economics, Agency for Economic Analysis and Forecasting. The Shadow Economy in Bulgaria, Sofia, September 2000.

⁸ Bulgarian National Observatory for Vocational Education, Training and the Labour Market, Role of Social Partners in VET in Bulgaria, Sofia 2000.

⁹ Kolev B., Shadow Economy - A Step-Mother on Whom We Depend on Food, in "Capital" Newspaper, Sofia 2000.

¹⁰ National Statistical Institute, Conditions for Development of the Microenterprises in Bulgaria, Sofia 2000.

¹¹ Centre for Economic Development, Foundation for Entrepreneurship Development, Small and Medium-Sized Enterprises 1996-1999, Agency for Small and Medium-sized Enterprises, Sofia 2000.

¹² Centre for Economic Development, Foundation for Entrepreneurship Development, Small and Medium-Sized Enterprises 1996-1999, Agency for Small and Medium-sized Enterprises, Sofia 2000.

- In this way, in many cases workers in micro and small enterprises have no labour contracts at all¹³, so that the relations between the employer and the employee are not regulated and labour relations are absolutely informal. There are only exceptionally job descriptions in micro companies and usually an employee performs more than one job¹⁴. Thus, it is also often the case that any claims in this respect or for wage increase and improvement of labour conditions result in the dismissal of the employee, specially the less skilled ones¹⁵.
- The difficult business environment makes companies to operate on the brink of profitability. Profits are marginal and hence enterprises cannot afford to pay social insurance, for training and qualification and improving the safety at work.
- According to some research, 45% of Bulgarian micro companies tend to employ workers with lower qualification than needed¹⁶, basically since they can not provide high compensation for qualified labour. Another reason is given by the fact that small employers try to avoid the enterprise unionisation, so they do not employ highly skilled workers from closed enterprises. This last reason is also confirmed in some additional research¹⁷.
- Having in mind the previous results, it is not therefore strange that Bulgarian small businesses perceive themselves as less competitive than larger companies with regard to social benefits, qualification, promotion of the staff, and absence of labour contracts¹⁸. In this respect, and related to training issues, in most micro Bulgarian enterprises employees take upon themselves responsibility for their own development, especially training and qualification¹⁹.
- Trade unions have little representation in small companies since, according to employees' organisations, private owners forbid the establishment of unions in their enterprises²⁰. Thus, union membership in Bulgaria is mainly available in the primary sector and in the large-scale manufacturing companies.
- Small Bulgarian entrepreneurs are very little aware of services provided by their representative associations and rarely use their services on labour relation issues. Thus, a survey conducted in 1998²¹ showed that none of the surveyed enterprises stated to have ever used the business associations for advice/consultancy on these issues.

¹³ Ivanov A., Bogdanov L., Are Small and Medium Enterprises in Bulgaria Employment and Growth Opportunity? Non published paper for Regional Summit on SME Development for the 21st Century: Overcoming Barriers through Cooperative Actions, February 17-18, 1999, Sofia.

¹⁴ Confederation of Labour "Podkrepa", Programme, 2000.

¹⁵ Institute for Market Economics, Agency for Economic Analysis and Forecasting. The Shadow Economy in Bulgaria, Sofia, September 2000.

¹⁶ National Statistical Institute, Conditions for Development of the Microenterprises in Bulgaria, Sofia 2000.

¹⁷ Foundation for Entrepreneurship Development, Club "Economika 2000", Continuing Vocational Training in Steel and Mining Industries in the Pernik Region, Sofia, 2000.

¹⁸ Beleva I., Tzanov V., et al., Background Study on Labour Market and Employment in Bulgaria, Bulgarian National Observatory for Vocational Education, Training and the Labour Market, Sofia, August 1999.

¹⁹ Foundation for Entrepreneurship Development, Training and Information Needs of Bulgarian SMEs, Sofia, 1998.

²⁰ Confederation of Labour "Podkrepa", Programme, 2000.

²¹ Foundation for Entrepreneurship Development, Training and Information Needs of Bulgarian SMEs, Sofia, 1998.

Features of micro and small enterprises

To conclude, the Bulgarian system of employment relations is characterised by its dual structure, in the sense that it is possible to find two main types of enterprises with totally different associated practices:

- On the one hand, the large enterprises following traditional industrial relations practices and in which unions have strong positions, so collective labour agreements include clauses more beneficial to the employees.
- On the other hand, the small enterprises, who constitute the larger share of enterprises and for whom the labour legislation has little influence, especially amongst the micro firms.

This situation, which is also present in the EU, is nevertheless particularly severe in the Bulgarian case, which suggests a further effort by the social agents in order to modernise and bring to EU standards the employment situation.

EMPLOYMENT RELATIONS IN BULGARIAN M&S ENTERPRISES	
ROLE OF M&S ENTERPRISES	SIMILAR PERCENTAGE OF M&S ENTERPRISES TO EU AVERAGE LOWER SHARE OF EMPLOYMENT THAN EU AVERAGE, BUT INCREASING DURING THE LAST YEARS IMPORTANT WEIGHT OF HIDDEN ECONOMY → MAINLY SELF-EMPLOYED AND VERY SMALL BUSINESS → DIFFICULT TO ASSESS DATA LARGE FORMER PUBLIC COMPANIES STILL SIGNIFICANT
GENERAL PERSPECTIVE OF EMPLOYMENT RELATIONS	IMPACT OF TRANSITION FROM STATE ECONOMY → LEGISLATIVE FRAMEWORK RADICALLY TRANSFORMED FREEDOM OF ASSOCIATION PROTECTED BY LAW, BUT EMPLOYEES' UNIONS LOOSING MEMBERSHIP BASE LACK OF TRADITION OF SOCIAL DIALOGUE → STATE FOSTERING ROLE →, TRIPARTITE PARTNERSHIP EMPLOYERS PRESSURE FOR FURTHER DEREGULATION OF THE LABOUR MARKET RAPID EMERGENCE OF BUSINESS ASSOCIATIONS COLLECTIVE AGREEMENTS WHERE NO LEGAL MANDATORY PROVISIONS C.A. MORE AT NATIONAL THAN AT ENTERPRISE LEVEL CONFLICTS EMERGE: TRADE UNIONS WANT TO PRESERVE CLAUSES OF PREVIOUS STATE COMPANIES HIGH UNEMPLOYMENT AND HIDDEN ECONOMY → FORCE TO ACCEPT BAD WORKING CONDITIONS
MICRO & SMALL COMPANIES PERSPECTIVE	SMEs ARE PREDOMINANTLY MICRO-FIRMS, OFTEN OF FAMILIAR NATURE ENTREPRENEURS PREFER TO ENROL FAMILY WORKERS OR FRIENDS OFTEN LABOUR CONTRACTS DO NOT EXIST → JOBS ARE INSECURE AND EMPLOYMENT RELATIONS ARE INFORMAL M&S ENTERPRISES CANNOT PAY SOCIAL INSURANCE UNDER-SKILLED WORKERS ARE HIRED TO REDUCE COSTS SMALL OWNERS FREQUENTLY FORBID UNIONS IN THEIR COMPANIES SMALL ENTREPRENEURS LITTLE AWARE OF LABOUR SERVICES PROVIDED BY THEIR ASSOCIATIONS
DUAL STRUCTURE	LARGE ENTERPRISES FOLLOWING TRADITIONAL EMPLOYMENT RELATIONS PRACTICES M&S ENTERPRISES FOR WHOM LABOUR REGULATIONS HAVE IN PRACTICE LITTLE INFLUENCE

THE CZECH REPUBLIC

The role of micro and small enterprises in the Czech economy

According to the available empirical information, the Czech Republic can be labelled as an SME- dominated economy, in the sense that up to 99.9% of all the existing enterprises have less than 250 people. Moreover, the data shows the great presence of self-employed persons with no dependant employees, where this group accounts for more than 82.1% of total enterprises, whereas the micro and small enterprises represent 14.9% and 2.3% respectively of the total enterprise population (see Table 3). In this sense, it should be born in mind that in the early nineties a remarkable process in registrations of entrepreneurs-physical persons took place, although recent estimations suggest that only around 500,000 entrepreneurs are really involved in market activities on a full-time basis²².

Table 3: *Share of enterprises by employment size class, Czech Republic (1999) and EU-15 (1995)*

Number of employees	Czech Republic		EU-15	
	Number of enterprises	%	Number of enterprises	%
0	1,684,162	82.1	9,320,000	51.6
1-9	305,738	14.9	7,447,000	41.3
10-49	47,737	2.3	1,084,000	6.0
50-249	10,465	0.5	163,000	0.9
250+	2,013	0.1	36,000	0.2
Total	2,050,115	100.0	18,050,000	100.0

Source: Eurostat and Mikoláš, Z.: *Small and medium enterprising at the point of third millennium*. Ostrava, VŠB-Technical University Ostrava, Economical Faculty, 2000.

Interestingly also, and from an EU perspective, it is worth underlining this relevant role played by the Czech self-employed with no employees category, whose share is much higher than the EU standard (82.1% and 51.6%, respectively). The previous process of registrations in early nineties might explain this result. Meanwhile, and referring specifically to micro and small enterprises, the importance of these two groups is less relevant in comparison to EU standards, since these two groups account all together for 17.2% of total enterprises in comparison to 47.3% in the EU case.

Employment relations in the Czech Republic: a general perspective

The legal framework underpinning employment relations in the Czech Republic is currently under a strong process of harmonisation with the EU main regulations. Just to give an example, the Labour Code has been recently amended in a number of issues (i.e. Collective representation), so these amendments have come into effect since last January 2001. In any case, the main complementary legal rules have been passed since the early nineties, underlining the transition from a State-led economy to a Market economy.

²² Mikoláš, Z.: *Small and medium enterprising at the point of third millennium*. Ostrava, VŠB- Technical University Ostrava, Economical Faculty, 2000.

Generally speaking, employment relations in the Czech republic are legally characterised by the following points:

- Czech legislation (Labour Code and Act No. 120/1990) makes possible to establish collective representation structures, such as trade unions (at least 5 employees are necessary to establish a trade union), councils of employees (at enterprises with more than 25 employees) or representatives for the sphere of occupational safety and health protection (regardless of the number of staff). In addition, the Laws allow employees to be informed in a number of issues (mass dismissals, assumed trend of wages and salaries, changes in work organisation or occupational safety and health care issues).
- Collective bargaining is regulated in the Czech Republic under the conditions stated in the Labour Code and the Act No. 2/1991. Basically, there are no principal differences between legal conception of collective bargaining in the Czech Republic in comparison to EU countries.
- Legal regulation of conflicts in the Czech Republic are based on the Labour Code amendment, Act No.2/1991 and Act No. 120/1990. According to these laws, disputes between employer and employees are settled down by courts, whereas the problem of strike as a mean of solving labour disputes is foreseen but as an ultimate possibility.
- Working and employment conditions are regulated by a number of legislations, such as the amended Labour Code or the Decrees of the Federal Ministry of Labour and Social Affairs no. 196/1992 and no. 121/1982. Interestingly enough, these laws have been recently amended in order to harmonise them with the EU standards.

Interestingly also, this information can be complemented with the following one:

- National policy has been mainly intended to support large rather than small enterprises.
- After the collapse of the ancient economic and political regime, the Czech Republic's main social attitude seems to be characterised by a high 'individualism', probably as a reaction to socialist collectivism. Obviously, this fact has had a direct impact on trade unions and other collective forms of organising workers, in small firms in particular.
- Employment relations in small firms are established informally and social-economic dialogue is conducted without using administrative instruments, where this seems to respond also to a cultural and historical tradition. In this sense, some of the current legal harmonisation process to EU standards is curiously perceived by a part of the population as more 'leftist' and 'bureaucratic' in comparison to previous legislation, always from the small business perspective.

Evidence from literature and comparisons with the EU

Collective representation

The analysis of the literature shows that the opportunities for collective representation offered by the Czech legal framework are not used in practice by the Czech micro and small firms. Thus, and despite the lack of concrete data, some authors suggest that, equally to the EU experience²³, the presence of trade unions in micro and small firms is low, especially in comparison to larger enterprises .

²³ Nemeč, V: Management and economy of a firm. Prague, Grada Publishing, 1998, 315 pages.

The literature²⁴ provides several explanations for this lack of collective representation of employees. Examples include:

- The rather high financial instability of small firms, which redounds in a high employment turnover,
- The lack of micro and small managers' interest in communicating more with employees,
- The misunderstanding by workers of the role of collective representation, due partially to previous political experiences.
- In some micro and small enterprises, collective representation is often executed in informal ways, so social dialogue runs with absence of administrative organisations and instruments.

Concerning the micro and small business employers' point of view, the situation seems to be more favourable. In this sense, it is worth underlining the role played by the Economic Chambers, with currently 10 regional branch offices. In addition to this, it is also possible to identify several employers' associations, such as the Association of Businessmen of the Czech Republic or the Association of Small and Medium Businessmen. No data is available of micro and small business employers' enrolment in these organisations.

Collective bargaining

Collective bargaining is a marginal²⁵ issue within the Czech literature dealing with small enterprises. In any case, the scarce available evidence²⁵ on the issue (qualitative rather than quantitative), provides the following results:

- Sector collective agreements are not applied in Czech micro and small firms. However, it is expected that this can be changed with the amendment to the Labour Code coming into effect on January 1, 2001.
- In micro and small firms, bargaining is practically of an individual nature, due to the general individual relationships between the employer and his/her employees. In addition to this, the current high unemployment rates make more feasible for employees to accept the conditions suggested by employers (specially in areas suffering from specially deteriorated labour markets such as North Bohemia or North Moravia).

²⁴ Examples include:

- Stýblo, J. et al.: Effectual personnel management methods (in Czech), Prague, Verlag Dashofer, 2000.
- Koubek, J.: Personnel administration in small firms (in Czech), Prague, Grada Publishing, 1996, 192 pages.
- Vymetalík B., Hengsbach, F., Adams F.T., Henzen, G. B.: Way to human. Current issues of market society and Christian ethics (in Czech). Prague, Scriptum, 1993, 115 pages.
- Kahle, B.: Practical personnel administration after amending the Labour Code as of January 1, 2001. Prague, Progoeduca 2000, IBSN 80-85856-85-9. 1. edition, 203 pages. Note: Considering the amended Labour Code and its consequences for employers, particularly in small and medium firms.

²⁵ Examples include:

- Stýblo, J. et al.: Effectual personnel management methods (in Czech), Prague, Verlag Dashofer, 2000.
- Moderní řízení (Modern management). Economic journal. Volume 1999, several articles (mentioned in Annex A).
- Vymetalík B., Hengsbach, F., Adams F.T., Henzen, G. B.: Way to human. Current issues of market society and Christian ethics (in Czech). Prague, Scriptum, 1993, 115 pages.

- Most of the Czech small firms suffer from a weak financial condition, which renders difficult to accept the recommendations suggested outside the enterprise.

Working and employment conditions

Interestingly enough, and equally to the EU experience, this topic of working conditions seems to be particularly better studied in the Czech republic from the enterprise size perspective, specially when compared to the remaining employment relations issues. However, most of this literature deals with the issues in a rather theoretical way, so little empirical information is available on this issue.

In essence, the available literature²⁶ on the topic allows concluding the following with regard to working conditions in micro and small firms:

- Minimum wages are by far more common in micro and small enterprises in comparison to larger enterprises. Small business employees receive less for doing the same type of work.
- At the same time, social benefits are minimum in comparison to large firms.
- In the Czech Republic is quite extended the practice by which an employee, carrying out a dependent activity within a firm, establishes a working relation as an independent player (formally self-employed). In this way, the employer does not pay for the employee tax-payments, medical and social securities.
- In small firms, formal labour contracts are hardly settled down with foreign employees, especially in the building industry.
- Family aid is particularly relevant in the tertiary small enterprises, specially during the last few years.

Conflicts

Even though no available specific studies/research in the Czech republic dealing precisely with the issue of conflicts in SMEs have been found, neither obviously in micro and small businesses, the qualitative impression is that strikes are seldom held in this country, where this phenomenon is practically non existent amongst the smallest enterprises. The employees' fear to lose their job position is the main reason explaining this fact.

²⁶ Examples include:

- Koubek, J.: Personnel administration in small firms (in Czech), Prague, Grada Publishing, 1996, 192 pages.
- Kanáková, Z. et al.: Human resource management (in Czech), Ostrava, Academia J. A. Komenského, 2000, 205 pages.
- Ekonom - weekly paper of the Hospodářské noviny newspaper. Volumes 1998, 1999 and 2000. Prague, Dobrovského 25, several articles (mentioned in Annex A).
- Kinl, K. et al.: The great book for undertaking (in Czech). Olomouc, Rubico 1998, 469 pages.
- Horáková, I. et al.: Communication strategy in firms (in Czech). 1. edition, Prague, Management Press, 2000.

EMPLOYMENT RELATIONS IN CZECH M&S ENTERPRISES	
ROLE OF M&S ENTERPRISES	SMEs DOMINATED ECONOMY GREAT PRESENCE OF SELF-EMPLOYED (ABOVE EU STANDARD)
GENERAL PERSPECTIVE OF EMPLOYMENT RELATIONS	LEGAL FRAMEWORK IN HARMONISATION PROCESS WITH EU STANDARDS: LEGAL COLLECTIVE STRUCTURES AND BARGAINING REGULATION OF CONFLICTS NORMS ON WORKING CONDITIONS NATIONAL POLICY MAINLY FOR LARGE ENTERPRISES HIGH INDIVIDUALISM (AS OPPOSED TO SOCIALIST COLLECTIVISM) CULTURAL TRADITION OF INFORMAL LABOUR RELATIONS
MICRO & SMALL COMPANIES PERSPECTIVE	LEGAL PROVISIONS FOR WORKERS COLLECTIVE REPRESENTATION NOT USED IN PRACTICE LOW PRESENCE OF TRADE UNIONS APPARENTLY BETTER SITUATION AS REGARDS EMPLOYERS ASSOCIATIONS SECTOR COLLECTIVE AGREEMENTS NOT APPLIED BARGAINING PRACTICALLY OF INDIVIDUAL NATURE WORSE WORKING CONDITIONS, MINIMUM WAGES AND POOR SOCIAL BENEFITS EMPLOYEES FORMALLY WORKING AS SELF-EMPLOYED LACK OF LABOUR CONTRACTS IN SOME SECTORS AND FOR FOREIGNERS HARDLY NAY LABOUR DISPUTES THROUGH STRIKES

EF/02/87/EN