

National Report - Slovenia

Company case 2

About the company

This Slovenian pharmaceutical company is a prominent player in the global market, known for its extensive range of high-quality, affordable medicines. The company operates in over 70 markets worldwide, with a strong presence in Central, Eastern, and Southeastern Europe. It has multiple manufacturing locations, including facilities in Slovenia, Russia, Poland, Germany, Croatia, and China.

In recent years, the company has demonstrated robust financial performance. For instance, in the first half of 2024, it generated revenue of 985.4 million euros, marking a 7 % increase year-on-year. The net profit for this period was 221.6 million euros, up 30 % from the previous year. The company has maintained a steady growth trajectory, with a compound annual growth rate (CAGR) of 7.4 % in sales revenue from 2005 to 2022. It is also a leading manufacturer of statins, sartans, and proton pump inhibitors in its region.

The company's product portfolio is diverse, including prescription pharmaceuticals, non-prescription products, and animal health products. It has a strong focus on research and development, investing significantly in new product development and maintaining a high level of innovation. In the first quarter of 2023, the company achieved sales of 456.3 million euros, with notable growth in veterinary products and health-resort services.

Labor relations within the company are well-structured and collaborative. The workforce is diverse, with workers from various countries and backgrounds. The company places a strong emphasis on workers development, offering numerous training programs and career advancement opportunities. It also prioritizes worker well-being, providing competitive salaries, additional pension insurance, accident insurance, and various health and wellness programs. The company operates with a high level of unionization, and labor relations are managed through effective works councils and worker representation at the board level. This structure facilitates direct worker participation, ensuring that employee concerns are addressed, and their rights are protected. The company also engages in regular communication with its employees through various channels, promoting transparency and collaboration.

Despite the positive aspects, the company faces the need for continuous investment in employee training and development. The management is committed to addressing these issues by fostering a supportive work environment and encouraging innovation and employee engagement. Overall, this Slovenian pharmaceutical company is a leader in its field, known for its strong financial performance, commitment to innovation, and collaborative labor relations. Its ongoing investments in production capabilities and workforce development position it well for continued success in the global market.

Interviewees

The President of the Workers' Council has been with the company for 43 years, starting in 1981. She began her mandate in the Workers' Council in 2005 and became President in early 2023. She joined the Supervisory Board in June 2024. Initially a union member, she worked 11 years in production and has been in development since 1992. The President of Union 1 has worked at the company for 40 years and will retire next year at 60. His term as union president ends this year, with elections for a new president on November 30. He has served three terms as president, totaling 20 years, and is currently in his fourth

term.

The President of Union 2 has been with the company for 17 years and a union member throughout. He has been on the union's executive committee for six years and president for nearly two years. He is a shift leader in the raw materials warehouse. The HR Manager joined the company in 2006, working in various HR roles. She took over the entire HR department in 2018, overseeing education, development, recruitment, and systems management.

Labour relations in the company

Labor relations within the company have evolved significantly over the years, reflecting changes in employee education levels and expectations. Initially, vocational education was rare among regular workers, but now, most employees have at least a secondary education. The company has supported further education, allowing employees to improve their qualifications, which has led to a more educated and consequently more demanding workforce. This shift is evident in the increased vocalization and desire for inclusion among employees, who now actively seek information and participation in decision-making processes.

Historically, the company has been known for good employee relations and competitive salaries. However, recent inflation has eroded wages, making it difficult for employees to manage on starting salaries despite recent increases. This economic pressure has highlighted generational differences in attitudes towards work. The younger generation shows less tolerance for overtime and weekend work compared to the older generation, who were more accustomed to these demands. Despite these challenges, the company has seen an increase in new hires, particularly younger employees, which is a positive sign for its future workforce.

Employee values have also shifted from a focus on company stability to immediate salary concerns. Organizational satisfaction has decreased, particularly among younger employees who are more self-focused. The company now hires older employees as well, reflecting a broader age range in the workforce. While the company remains strong with good results, its salaries are no longer as competitive as they once were.

The company's commitment to training and education remains strong. It was the first to implement national vocational qualifications for certain roles due to gaps in the educational system. This commitment to maintaining a high level of knowledge among employees continues, with ongoing upgrades to training programs. The workforce is becoming younger, with a significant number of retirements from the baby boomer generation. Younger employees are eager for advancement and immediate information, prompting the company to enhance internal communication. The emphasis on work-life balance and career development reflects the changing needs of its diverse workforce.

Overall, labor relations in the company are characterized by a more educated and demanding workforce, shifts in employee values, and ongoing efforts to improve training and communication. Direct worker participation has increased, reflecting a more engaged and vocal employee base. The company continues to adapt to these changes, striving to balance the needs of its employees with its operational goals.

Direct employee participation and the interplay

The company has made significant strides in developing direct employee participation over the years. This progress is evident in the increased vocalization of employees regarding their satisfaction and

suggestions for organizational improvements. Employees now actively seek information and inclusion in decision-making processes, a shift facilitated by the Workers' Council. This council encourages employees to first address their issues with supervisors and, if unresolved, to escalate them to council members who maintain direct communication with management. This structured approach has led to continuous improvements in both direct and indirect participation.

Established in 2005, the Workers' Council initially faced challenges but has since built a strong relationship with management. The effectiveness of direct participation largely hinges on the leadership style of supervisors. Empathetic and engaged leaders who listen to their employees tend to foster better participation and improvements in work processes, while autocratic leadership styles can hinder these efforts.

Management has consistently supported the Workers' Council, emphasizing open communication and collaboration. Clear agreements delineate the roles and responsibilities of the Workers' Council and the unions, ensuring smooth cooperation and conflict resolution. This collaborative environment has been crucial in maintaining organizational culture and employee satisfaction.

The unions play a pivotal role in representing employees' interests, particularly concerning wages and working conditions. The company has two unions, each with its own focus but working together to protect employees' rights. They have successfully negotiated favorable terms, including annual bonuses and performance-based rewards. However, recent changes in government tax policies have negatively impacted employees' net income, causing some dissatisfaction.

The HR department underscores the importance of respectful and open communication, a longstanding tradition within the company. Regular meetings with employee representatives address various issues, from organizational changes to daily operational concerns. The company has never resorted to layoffs, even during program discontinuations, reflecting a strong commitment to job security.

Innovation is encouraged through a well-established system that allows employees to propose improvements. These suggestions are evaluated, and successful ideas are rewarded, fostering a culture of continuous improvement. Annual events celebrate the best proposals, reinforcing the value of employee contributions.

Employee satisfaction is regularly measured through surveys, helping to identify areas for improvement. The company uses multiple communication channels to ensure transparency and responsiveness. This approach has led to high levels of employee engagement and low turnover rates, contributing to the company's overall success.

In conclusion, the company's approach to direct employee participation is characterized by structured communication, strong leadership support, and a commitment to continuous improvement. The collaborative efforts of the Workers' Council, unions, and management have created a positive work environment where employees feel valued and heard. This has resulted in high levels of job satisfaction, innovation, and organizational stability.

Innovation

The company has developed a robust system to encourage direct employee participation and innovation. When an employee proposes an idea, it can be quickly realized if deemed valuable. The

technical department gets involved in creating a cost estimate, and if the proposal is implemented, the employee is rewarded. This process includes the employee throughout, ensuring they receive recognition and a reward if the idea is evaluated positively. Additionally, there is a small group of people who can directly stimulate innovation. For instance, if someone suggests a digital solution, they might not need to formally submit a proposal; instead, they can receive immediate encouragement and a monthly bonus distribution of about 4%.

Innovation is encouraged among all employees, though not everyone is willing to come forward. The system is designed to be inclusive, allowing anyone to submit an improvement idea, no matter how small. Employees can easily access and submit forms to their supervisors, who then pass them on for further evaluation. No idea is dismissed outright; even if an idea cannot be implemented due to broader organizational constraints, it is still considered and explained why it might not be feasible. This approach ensures that employees feel valued and part of the process, fostering a sense of belonging and importance.

In summary, the company's commitment to fostering innovation and direct employee participation is evident. The structured yet flexible approach allows employees to contribute ideas and improvements, ensuring they feel recognized and integral to the company's success. This system not only enhances job satisfaction but also strengthens organizational loyalty and engagement.

Future development

The company has made notable progress in fostering direct employee participation. This development is marked by increased employee engagement in organizational improvements and decision-making processes. The Workers' Council plays a pivotal role in this evolution, encouraging employees to address issues with their supervisors first and then escalate unresolved matters to the council, which maintains direct communication with management. This structured approach has led to continuous enhancements in both direct and indirect participation.

The Workers' Council, established in 2005, has built a strong relationship with management over the years. The effectiveness of direct participation largely depends on the leadership style of supervisors. Empathetic and engaged leaders who listen to their employees tend to foster better participation and improvements in work processes, while autocratic leadership styles can hinder these efforts. The council's role in educating its members about the broader system and strategic approaches is crucial for effective participation.

The unions also play a significant role in representing employees' interests, particularly regarding wages and working conditions. The company has two unions, each with its own focus but working together to protect employees' rights. They have successfully negotiated favorable terms, including annual bonuses and performance-based rewards. However, recent changes in government tax policies have negatively impacted employees' net income, causing some dissatisfaction.

The HR department emphasizes respectful and open communication, a longstanding tradition within the company. Regular meetings with employee representatives address various issues, from organizational changes to daily operational concerns. The company has never resorted to layoffs, even during program discontinuations, reflecting a strong commitment to job security.

Innovation is encouraged through a well-established system that allows employees to propose improvements. These suggestions are evaluated, and successful ideas are rewarded, fostering a

culture of continuous improvement. Annual events celebrate the best proposals, reinforcing the value of employee contributions.

Employee satisfaction is regularly measured through surveys, helping to identify areas for improvement. The company uses multiple communication channels to ensure transparency and responsiveness. This approach has led to high levels of employee engagement and low turnover rates, contributing to the company's overall success.

In summary, the company's approach to direct employee participation is characterized by structured communication, strong leadership support, and a commitment to continuous improvement. The collaborative efforts of the Workers' Council, unions, and management have created a positive work environment where employees feel valued and heard. This has resulted in high levels of job satisfaction, innovation, and organizational stability.

Summary

This Slovenian pharmaceutical company is a significant player in the global market, known for its extensive range of high-quality, affordable medicines. Operating in over 70 markets worldwide, the company has a strong presence in Central, Eastern, and Southeastern Europe, with manufacturing facilities in Slovenia, Russia, Poland, Germany, Croatia, and China. In recent years, the company has shown robust financial performance.

Labor relations within the company are well-structured and collaborative. The workforce is diverse, with employees from various countries and backgrounds. The company emphasizes worker development, offering numerous training programs and career advancement opportunities. It also prioritizes worker well-being, providing competitive salaries, additional pension insurance, accident insurance, and various health and wellness programs. The company operates with a high level of unionization, and labor relations are managed through effective works councils and worker representation at the board level. This structure facilitates direct worker participation, ensuring that employee concerns are addressed, and their rights are protected. Regular communication with employees through various channels promotes transparency and collaboration.

Despite these positive aspects, the company faces challenges such as high turnover rates and the need for continuous investment in employee training and development. Management is committed to addressing these issues by fostering a supportive work environment and encouraging innovation and employee engagement.

The company has made significant strides in developing direct employee participation. Employees are now more vocal about their satisfaction and suggestions for organizational improvements. This shift has been facilitated by the Workers' Council, which encourages employees to address issues with their supervisors first and then escalate unresolved matters to the council. This structured approach has led to continuous improvements in both direct and indirect participation. The effectiveness of direct participation largely depends on the leadership style of supervisors. Empathetic and engaged leaders who listen to their employees tend to foster better participation and improvements in work processes.

The unions play a pivotal role in representing employees' interests, particularly concerning wages and working conditions. The company has two unions, each with its own focus but working together to protect employees' rights. They have successfully negotiated favorable terms, including annual

bonuses and performance-based rewards. However, recent changes in government tax policies have negatively impacted employees' net income, causing some dissatisfaction.

The HR department underscores the importance of respectful and open communication. Regular meetings with employee representatives address various issues, from organizational changes to daily operational concerns. The company has never resorted to layoffs, even during program discontinuations, reflecting a strong commitment to job security.

Innovation is encouraged through a well-established system that allows employees to propose improvements. These suggestions are evaluated, and successful ideas are rewarded, fostering a culture of continuous improvement. Annual events celebrate the best proposals, reinforcing the value of employee contributions. Employee satisfaction is regularly measured through surveys, helping to identify areas for improvement. The company uses multiple communication channels to ensure transparency and responsiveness, leading to high levels of employee engagement and low turnover rates.

In conclusion, the company's approach to direct employee participation is characterized by structured communication, strong leadership support, and a commitment to continuous improvement. The collaborative efforts of the Workers' Council, unions, and management have created a positive work environment where employees feel valued and heard. This has resulted in high levels of job satisfaction, innovation, and organizational stability.

COMPANY CHARACTERISTICS	Slovenian pharmaceutical company operating in over 70 markets worldwide, with manufacturing facilities in Slovenia, Russia, Poland, Germany, Croatia, and China. In the first half of 2024, generated revenue of €985.4 million (7% increase year-on-year) and a net profit of €221.6 million (30% increase from the previous year).
	Diverse range including prescription pharmaceuticals, non-prescription products, and animal health products.
INDUSTRIAL RELATIONS	High level of unionization.
	Trade unions, works council and worker representation at the board level.
	Collective agreement at the company level.
DIRECT WORKER PARTICIPATION	The Works Council encourages employees to address issues with supervisors first, then escalate unresolved matters to the council. Regular meetings with employee representatives and multiple communication channels to ensure transparency and responsiveness.
	Employees can propose ideas for improvements, which are evaluated and rewarded if implemented. The system is inclusive, allowing anyone to submit ideas.
THE ROLE OF INDUSTRIAL RELATIONS IN DIRECT WORKER PARTICIPATION	Collaboration: Strong collaboration between Workers' Council, unions, and management. Clear agreements delineate roles and responsibilities.
	Unions play a pivotal role in representing employees' interests, particularly concerning wages and working conditions.
	Engagement Initiatives: Annual events to celebrate the best proposals and various initiatives to foster employee engagement.

	Challenges: Recent changes in government tax policies have negatively impacted employees' net income, causing some dissatisfaction.
DIFFICULTIES	Turnover: Comparable turnover rates to other companies in the region. Economic Pressure: Inflation has eroded wages, making it difficult for employees to manage on starting salaries despite recent increases.
IMPACTS	On Workers: Conditions and well-being affected by economic pressure and generational differences in attitudes towards work. On the Company: Performance impacted by the need for continuous investment in employee training and development. On Innovation: Efforts to engage employees and encourage innovation are ongoing, with a well-established system for proposing improvements.
FUTURE PROSPECTS	Sustainability: The company's approach to direct employee participation is characterized by structured communication, strong leadership support, and a commitment to continuous improvement. The future development of direct employee participation depends on maintaining this balance.