



Challenges for Organising and Collective Bargaining
in Care, Administration and Waste collection sectors
in Central Eastern European Countries

National Report on Development of Collective Bargaining in Serbia



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Kraljice Natalije 70/II, Beograd

www.centaronline.org

info@centaronline.org

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1. Methodological preface

The study utilised two research techniques: desk research and interviews. The desk research drew on the following data sources: laws, public policy documents, databases from Eurostat and the Statistical Office of the Republic of Serbia (RZS), registers from the Ministry of Labour, Employment, Veteran and Social Affairs (MRZBSP), relevant publications and articles. In June 2023, interviews were conducted with three representatives from two representative trade unions (the Confederation of Autonomous Trade Unions of Serbia (SSSS) and United Branch Unions 'Independence' (UGS Neza-visnost)), one representative from the Employers' Association of Serbia, one labour law expert, and one representative from RZS. The MRZBSP – Department for Social Dialogue, Collective Bargaining and Wages did not respond to the invitation for an interview.

2. General characteristics of the labour market and industrial relations system

2.1. Labour market performance

In terms of employment quality, the Serbian labour market is characterised by a high rate of informal employment, a high share of vulnerable employment, and a high share of temporary employment. In 2022, the informal employment rate was 13.9% (14.9% for women and 13.1% for men)¹, while the share of vulnerable employment was 24% (21% for women and 26% for men)². A fifth of employees have fixed-term contracts (19.5% of women and 20% of men), with 73% of those working temporarily citing their inability to find a permanent job as the reason.³ Among registered employees in 2023, 58,439 were employed outside of a formal employment relationship⁴, which accounts for 2.9% of the total number of employees.⁵

The sectoral structure of total employment in 2023 indicates a high share of employment in the services sector (58.8%), followed by the industrial sector (28%), and agriculture (13.1%).⁶ In relation to the total number of employees, 65.8% are employed in service activities, 32% in industry, and 2.3% in agriculture.⁷ In terms of company size in 2022, 29% of the total workforce was employed in micro-enterprises, 18.5% in small enterprises, 18.6% in medium-sized enterprises, and 34% in large enterprises.⁸ Among the employed, 51.9% are men, and 48.1% are women. In the total workforce, 16.7% are young employees (aged 15-29), and 28.9% are older employees (aged 50-64).⁹

Primary Serbian labour market indicators point to a situation that is undesirable in relation to the EU. In 2023, the labour force participation rate (15-64 years of age) amounted to 71.7% (65.6% women, 77.8% men), the employment rate stood at 64.7% (58.9% women, 70.5% men), and the unemployment

1 ILOSTAT, 2024

2 World Bank Group, 2024

3 Eurostat, 2024a

4 According to the Employment Act, the following contracts constitute grounds for work engagement outside of an employment relationship: (1) contract on casual and occasional work; (2) special service contract; (3) contract on vocational training and internship; (4) supplementary work contract.

5 SORS, 2024a

6 Eurostat, 2024b

7 Eurostat, 2024c

8 SORS, 2024b

9 Eurostat, 2024c

rate stood at 9.7% (10.2% women, 9.3% men). Youths (15-29 years of age) are in the most undesirable position: the labour force participation rate stood at 49.4%, the employment rate stood at 40.3%, the unemployment rate at 18.5%. The NEET rate was 15.3%. The gender gap in youth activity and employment rates amounted to 13.3 and 11.1 percentage points, respectively.¹⁰

2.2. Industrial relations at a glance

No reliable data exist concerning the level of union density and employer organisation in Serbia, nor on collective bargaining coverage.

According to estimates, union density amounts to approximately 25%-30%. There are two nationally representative trade union confederations – the Confederation of Autonomous Trade Unions of Serbia (CATUS) and the United Branch Trade Unions (UBTU) with estimated membership of 300,000 and 120,000, respectively. There are three more union confederations with significant membership: the Confederation of Free Trade Unions (CFTU), the Association of Free and Independent Trade Unions (AFTIU) and the United Trade Unions Sloga (UTUS), with estimated membership of 80,000, 50,000 and 40,000, respectively. CATUS and UBTU are involved in collective bargaining at all levels, CFTU and AFTIU at sectoral and company level, UTUS at company level.¹¹

The Serbian Association of Employers is the only representative employer organisation at the national level that is also involved in collective bargaining at all levels. According to the latest available OECD data the employer organisation density was 25% in 2019. The adjusted bargaining coverage rate (share of employees with the right to bargain) was 30% in 2019.¹²

At the national level, 14 special collective agreements currently exist. 11 pertain to the public sector and 3 to the private sector. Public sector SCAs have been concluded to cover the following areas: education, healthcare, social protection, and public administration. In the private sector, one agreement has been concluded, covering the construction sector. This agreement applies solely to the employees of employers who are members of the association that signed the agreement.¹³ Public sector SCAs do not include a section referring to tariffs as the Government determines salary levels directly through laws and regulations.¹⁴

Formal restrictions on the right to strike primarily concern the special strike regime and the determination of the minimum work process, which are often abused by employers. In the general strike regime, restrictions pertain to the overly complicated strike procedure, the fact that certain types of strikes are not recognised at all, and the condition that if a strike is not organised by a trade union, it must be organised by a majority of employees. The strike notice, which was introduced in good faith for negotiations, is mostly abused by employers who threaten strikers during the time allotted for negotiations. The Strike Law, in most of its provisions, does not differentiate between mandatory and discretionary norms, leading to the conclusion that the vast majority of legal solutions are mandatory and cannot be collectively negotiated.¹⁵

At the national level, there is the Socio-Economic Council (SEC), a tripartite body established to create and develop social dialogue on issues significant for the realisation of economic and social rights, including the discussion on the development and improvement of collective bargaining. In practice, the role of the SEC is often overlooked, and its opinions are not given much importance or authority. Additionally, there is often a lack of consensus when discussing certain issues (such as normative solutions or minimum wage amount).¹⁶ Tripartite bodies are established at the territorial level (national, provincial, and local), but not at the sectoral level.¹⁷

¹⁰ Eurostat, 2024d, 2024e, 2024f

¹¹ Aradarenko, 2019

¹² OECD and AIAS, 2021

¹³ MRZSP, 2024

¹⁴ Urdarević, 2023

¹⁵ Interview with a labour rights expert.

¹⁶ Urdarević, 2023

¹⁷ Law on the Socio-Economic Council, Article 2

2.3. Collective labour agreements

On behalf of employees at all levels, representatives of representative trade unions conduct negotiations. If a trade union is not established at an employer, wages, wage compensation, and other employee benefits may be regulated by an agreement. The agreement is considered concluded when it is signed by the person authorised to represent the employer and the representative of the employee council or an employee who has received authorisation from at least 50% of the total number of employees at the employer. The agreement ceases to be valid on the day the collective agreement comes into force.¹⁸

General and special collective agreements are registered with the competent ministry and must be published in the Official Gazette. Collective agreements at the employer level are published in a manner determined by the collective agreement itself. A collective agreement must be public and accessible to anyone who requests it, and all employees to whom it applies must be informed of its conclusion and content. There are no statistics related to collective agreements. The register of special collective agreements maintained by the Ministry of Labour, Employment, Veteran and Social Affairs does not contain data on the number of employees to whom it applies. The number of concluded collective agreements at the employer level is unknown, as there is no obligation for these agreements to be registered in a publicly accessible database or with a public authority. Trade unions and employers' associations do not have databases of collective agreements.

The Employment Act guarantees the right to union association, and thus representation, only to employees with an employment contract. This excludes all employees in non-standard forms of employment (work outside of an employment relationship, informal work, digital and platform work) from the right to collective bargaining, meaning every sixth employee in Serbia is excluded. Aligning the Employment Act with the Constitution, which guarantees the right to association to everyone, would allow all employees to have representatives to advocate for their interests in achieving individual and collective labour rights.¹⁹



2.4. Opinions on the state of collective bargaining

The interviewees agree that social dialogue in Serbia is in deep crisis, resulting in the marginalisation of collective bargaining. Instead of fostering an environment that encourages collective bargaining, the state actively participates in its deterioration through the adoption and implementation of policies.

The business interests of employers, including those related to unions and employees, are realised through their influence on political leaders and ruling parties, rendering associations and instruments that improve social dialogue unnecessary for them. Key actors in creating and implementing the normative and strategic framework include chambers of commerce (such as the Chamber of Commerce and Industry of Serbia and foreign chambers of commerce), various employers' associations that are not registered as such but represent interest groups (such as the Foreign Investors Council), and lobbying groups posing as civil society organisations (like the National Alliance for Local Economic Development, NALED).

¹⁸ Employment Act, Article 250

¹⁹ Urdarević et. al., 2019; Jašarević, 2023

3. Collective bargaining dynamics in recent years

The state of collective bargaining was undermined by the amendments to the Employment Act in 2014, which stipulated that all collective agreements in force at that time would cease to be valid within six months. This provision is unprecedented in comparative law and practice in developed democratic countries, and led to the non-renewal of many special collective agreements that were in force in 2014. Today, there are no sectoral collective agreements in any other business sector with the exception of the construction sector, where a collective agreement with limited application has been concluded.²⁰

According to the Global Rights Index, Serbia has been in the category 4 group of countries since 2016. Employees in countries with a rating of 4 have reported systematic violations. The government and/or companies are engaged in serious efforts to suppress the collective voice of the workforce, placing fundamental rights under threat.²¹

The unions' initiatives to put the issue of collective bargaining on the SES agenda and to adopt a new Employment Act have been ignored by the government. Since the pandemic, there has been a negative practice of extending collective agreements, which represents stagnation and maintenance of the status quo. Of the eleven public sector SCAs, 10 have been extended in the past three years. The Government used the procedure of extending collective agreements in the public sector to uphold pre-existing collective agreements without renegotiating them.

Employers do not see the benefit of collective bargaining, viewing it instead as an additional labour cost. An atmosphere has been created where it is considered normal for employees to receive only what is legally guaranteed as a basic minimum of rights. This perception is especially reinforced by the servile attitude of the state towards employers, which not only fails to encourage collective bargaining but also neglects to sanction employers who do not provide even the legally required minimum of employees' rights. The disinterest of large domestic and foreign employers in joining existing employer associations or forming new ones has led not only to an increase in the threshold for representativeness in absolute numbers but also to the effective blocking of any possibility for sectoral, industry-wide, or other forms of collective bargaining at the SCA level.



²⁰ The business economy is a grouping of the following economic activities: industry (NACE Rev. 2 sections B to E); construction (section F); services (sections G to N, excluding activities of holding companies – K64.2)

²¹ ITUC, 2024

4. State of play after the adoption of the Directive

4.1. Discussions and legal preparations

In the process of joining the EU, Serbia is obligated to meet the criteria for opening negotiations on Chapter 19 (Social Policy and Employment) to align its regulations with EU standards in this area. This included adopting an action plan (AP) to transpose the EU acquis into the national legal system and build the necessary capacities for their implementation and enforcement. The AP was adopted by the government in 2020. By June 2024, Serbia had neither opened Chapter 19 nor carried out a revision of the AP to align domestic regulations with the AMW Directive. It is worrying that in general the EU social acquis is not seen as a priority for legislative action and this does not only apply to the AMW Directive.

The government has not taken no action to implement the Directive. The Action Plan for the Implementation of the Government Programme 2023-2026 fails to include plans for amendments or the drafting of a new Employment Act.²² In the five sessions of the Social and Economic Council (SES) held in 2023 and 2024, there was no discussion on the topic of collective bargaining or the Directive.

The Statistical Office of the Republic of Serbia (SORS) lacks sufficient capacity to develop methodologies and acquire data from administrative sources needed to determine the coverage of collective agreements.

Since the adoption of the Directive, there has been no public discussion on the necessary reforms in the collective bargaining system. Analysis of collective bargaining and proposals for improvements in this area are mainly conducted by the non-governmental sector and the academic community.²³



4.2. Any trade unions activity dedicated to promotion/familiarize audience with the Directive

The UBTU plans to launch a campaign during the negotiations on minimum wage for 2025, highlighting the significance of the AMD Directive for improving individual and collective employees' rights in Serbia. The UBTU and CATUS have initiated the development of a General Collective Agreement (GCA) to define wage structures and minimum wages for various sectors. By concluding the GCA, the position of unorganised employees, such as those in micro, small, and medium-sized enterprises, as well as foreign workers, would also be improved.

²² Government of the RS, 2023

²³ See: Urdarević et al, 2019; CDR, 2022; Urdarević et al, 2023; Urdarević, 2021; Aradaraeko&Aleksić, 2023

5. Action Plan

Given that the Serbian Government has failed to initiate activities relative to the application of the Directive, no steps have been taken to draft an Action Plan.



6. Summary and conclusions

Despite the fact that Serbia's labour legislation provides a formal legal basis for collective bargaining and the conclusion of collective agreements, it does not adequately consider international labour standards and fails to effectively encourage social partners to engage in collective bargaining and conclude collective agreements. As a result, there is very low coverage of employees by collective agreements and a lack of collective bargaining in almost all sectors of the business economy.

Increasing collective agreement coverage requires a multi-dimensional approach. It is essential to provide normative incentives to employers, as well as political measures that involve restoring decision-making power to social partners, rather than the current practice of yielding to lobbyists and creating a sense of futility not only for collective bargaining but also for social dialogue as a whole.

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*"Since the centres of power in social dialogue have shifted from trade unions and employers' associations to lobbying groups and chambers of commerce, the current opportunity to achieve the legitimate interests of employees through collective bargaining is effectively zero. The only exception is collective bargaining at the level of individual employers, which employers generally actively avoid, but which, if it does occur, may lead to the satisfaction of some micro-interests of employees with that specific employer."
(Labour law expert)*

*"When you bring up that a directive has been adopted in the EU, the response is, 'Well, that's in the EU; we can't do that here.' It's as if people have given up on the idea that we might also aim for that. Often, you hear comments like, 'I don't care what they've adopted in Brussels; make sure it happens here.' But how can you ensure that if the elite in this country doesn't want it? They don't want change."
(Union representative)*



COLLECTIVE BARGAINING