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DEFEN-CE:

Social Dialogue in Defence of Vulnerable Groups in Post-COVID-19 Labour Markets

Report on Serbia

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Introduction

The aim of this country report is to provide answers to the following DEFEN-CE research questions:

1. What public policy and social dialogue measures targeting the selected vulnerable groups were implemented to employment and social protection during the COVID-19 pandemic 2020-2022?
2. To what extent and how did social dialogue play a role in the implementation of social and employment rights of selected vulnerable groups in the COVID-19 pandemic between 2020 and 2022?
3. What lessons and opportunities does the COVID-19 pandemic yield for strengthening social dialogue in the studied countries?

In order to answer these questions we used a mixed-method approach, combining qualitative and quantitative techniques. We started with the collection of the most relevant labour market data, especially regarding vulnerable groups. Then, by using the desk research we were able to synthesize the existing knowledge on public policies and social dialogue in the COVID-19 crisis. Finally, we conducted 10 semi-structured interviews to explore in-depth the role of social partners in the defence of the vulnerable groups.

We have found that the most important public measure was direct subsidies to the private sector firms to preserve jobs, which were implemented through the flat-rate payment of a net minimum wage for each full-time employee. In our interviews non-state social partners agreed that their initiatives had very limited effect on the final outcomes in terms of adopted measures, and even more so when it comes to the protection of vulnerable groups. The most important learned lesson is that the pandemic has shown that more solidarity and mutual recognition and trust among non-state social partners is needed in order to balance the power and interests of the social dialogue actors.

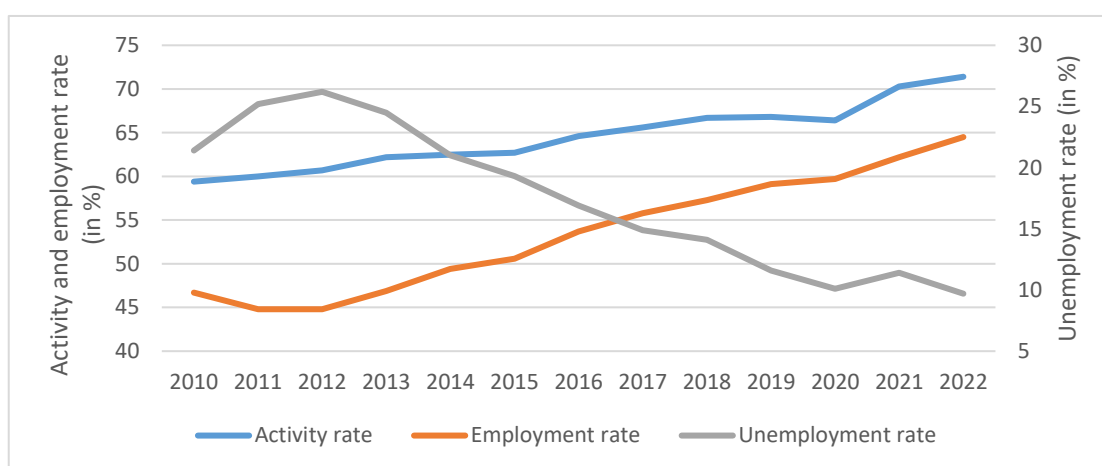
This report is structured as follows. In the first part, we provide contextual information on labour market and industrial relations. The second part documents key developments from the perspective of work and labour market impact, identify vulnerable groups generally and those hit hardest by the pandemic specifically and elaborates on the measures taken to protect the economy in general and vulnerable groups in particular. The third part deals with the involvement of the social partners in the decision-making process and their role in the protection of vulnerable groups. In the last part, we conclude and highlight the learned lessons.

Part I. Contextual information

Labour market

The positive trends in the labour market lasted for almost a decade, only to be very slightly interrupted in 2020 due to the outbreak of the Covid-19 virus pandemic. The most significant improvement was recorded in the employment rate which increased by almost 20 p.p., while the activity rate increased by 12 p.p. At the same time, the unemployment rate plummeted from its peak in 2012 (26%) by about 15 p.p.

Figure 1 - The basic labour market indicators for the working age population (15-64) in Serbia, 2010-2022



Source: Labour Force Survey, Eurostat.

Although there was an improvement in the labour market according to all basic indicators, the quality of employment remained an issue. The real annual average wage growth between 2010 and 2018 was just about 0.3%. A healthy wage increase happened in 2019, but the high inflation during the health crisis erased real gains and returned the wage growth to the previous trend.

According to the comparative data from the Structure of Earnings Survey, Serbia is a country that has had above average share of the low wage earners. In 2014 about 23% of workers made less than two-thirds of the median wage. Although the share decreased in 2018 to 18% it was still above the EU average of 15% (Eurostat). Another look into the wage distribution can be provided by the ratio of the median to the average wage. According to the latest data from the Serbian Statistical Office, the median wage is just 75% of the average wage.

Temporary employment in Serbia has been constantly increasing since 2010. As a result, the share of employees on open-ended contracts in Serbia dropped from 89% in 2012 to just 78% in 2022, while at the same time, the share in the EU fluctuated between 84% and 85% (Eurostat). Besides the workers on fixed-term contracts, a strong increase is also recorded among those who work on seasonal and occasional jobs, service contracts, and other atypical work arrangements.

The share of part-time workers in Serbia has continuously decreased since 2014 when it reached its peak at 11%. In 2022 the share was 6% which is three times lower than the EU average. However,

unlike in the EU, a great portion of part-time employment in Serbia is involuntary. About 45% of workers in Serbia in 2010 worked on a part-time job simply because they cannot find a full-time job. The share dropped to 30% in 2022, but it is still significantly higher than the EU average of 20% (Eurostat).

Industrial relations

Industrial relations in Serbia are regulated by the comprehensive body of labour legislation, whose cornerstone is the Labour Code. After the democratic changes that facilitated privatization of former 'socially-owned' firms in the early 2000s, there has been a steady drop in trade union density. According to the latest available OECD data, the density decreased from 33.3% in 2010 to 26.4% in 2014. The adjusted bargaining coverage rate, which is a share of employees with the right to bargain, decreased even more from 55% in 2010 to 30% in 2019. The other side of the bargaining spectrum has similar coverage, with the employer organisation density of 25% in 2019 (OECD & AIAS, 2021).

While the public sector continued to have a high (albeit declining) trade union density, the union density in the private corporate sector is marginal. Ironically, the sharp decline in private dependent employment in the first decade was the single element that has significantly slowed down this tendency. Consequently, the reduction of overall union density was accelerated with the expansion of private employment after the Great Recession.

Three major trade union confederations can be distinguished at the national level - Confederation of Autonomous Trade Unions of Serbia (CATUS, Savez samostalnih sindikata Srbije, SSSS), United Branch Trade Unions (UGS Nezavisnost) and Confederation of Free Trade Unions (CFTU – Konfederacija slobodnih sindikata). The first two are currently recognised as a representative at the national level. The fourth nation-wide confederation, ASNS, lost its representativeness almost 20 years ago and its membership and influence are on a long-term decline. In addition to these union umbrella organizations, there are a number of smaller unions organized at the company level that do not belong to any headquarters.

On the employers' organizations side the only representative association of employers in Serbia is the Serbian Association of Employers (Unija poslodavaca Srbije). Not only is SAE the solely nationally representative employers' organization, but in recent years it remains the only one recognized as a representative of the interests of employers at any level of social dialogue.

The criteria for representatives of both industrial relations actors are defined by the Labour Code. In the case of trade unions, to be considered as a representative in bipartite social dialogue at least 15% of employees of the total number of employees at the company must be members of the trade union. The condition for representatives at the national level is somewhat relaxed, so to be nationally recognized the union membership must exceed 10% of total employment. On the employers' side, the legal requirement for representativeness at the national level is that an employer organization unites at least 10% of all registered employers and that these employers employ at least 15% of the total number of employees in the country.

Collective bargaining in Serbia operates on all three levels, but with varying importance. The national level of collective bargaining is by far the most important one. The negotiations on the minimum wage level are fully centralised and the decision on the minimum wage is binding for the whole economy. On the other hand, the sectoral level is the dominant form of collective bargaining in the public sector in which all but two collective agreements were signed. The least important is the company level which is characterised by low union density and mainly reserved for the larger, foreign-owned companies in the private sector.

The national tripartite dialogue is institutionalized within the Social Economic Council. The SEC has 18 members, including six from the Government (representatives from the Ministry of Labour, Employment, Veteran and Social Affairs and other relevant departments) six from trade unions (4 from CATUS and 2 from UGS Nezavisnost), and six from businesses (all from the SAE). Although the SEC has a rather broad goal and mandate, in reality, its concertation is limited to setting the minimum wage and discussing numerous socioeconomic issues.

The fragmented, state-centred approach, typical of other central and eastern European nations that underwent the transition to a market economy, is roughly comparable to Serbia's industrial relations system. If anything, the disparity in power and legitimacy level between the unions and employer organizations, on the one hand and the state, on the other hand, is much more pronounced in Serbia. A good example is the minimum wage setting in the last couple of years when the minimum wage was increased by means of a government decision, as consensus could not be reached within the SEC.

While the majority of interactions between the state and non-state actors are characterized by acquiescence, there is considerable conflict between employer organizations and unions as well as between different union confederations, which has led to a cycle of fragmentation and weakness among non-state industrial relations actors.

According to a recent assessment of the European Commission social dialogue in Serbia remains weak, especially in regard to the participation of social partners in the development of relevant policies. It concludes that there is still much room for improvement when it comes to strengthening the capacity of the actors of social dialogue in order to foster collective bargaining (European Commission, 2022).

Part II: Covid-19 and its impact on vulnerable groups

The outbreak of the Covid-19 virus pandemic was a global challenge and Serbia was no exception. Initial complete lockdown, limitation of working hours and new business conditions related to social distancing significantly affected the economy and the socio-economic situation of the population. Due to the supply shock that occurred at the very beginning of the pandemic, employers and workers in the so-called high-contact activities (accommodation, tourism, transport, personal services, etc.) were most affected. Subsequently the demand for products and services in low-contact sectors also decreased. In that way, the crisis spread to the entire economy, affecting the labour market as well.

The initial lockdown in Serbia was strict. The authorities enacted several measures to facilitate remaining at home and social distancing, including general requirements for workplace closures, curfews, restrictions on gatherings and movement within the country, border closure and mandatory quarantine. Relatively high levels of informal and rural employment may have mitigated the lockdown's stringency for certain categories of workers.

The next phase was the post-full-lockdown period (after May 2020) that coincided with the resurgence of Covid-19 in the summer. Nevertheless, in high-contact types of businesses, the reactivation phase was clearly constrained by health and safety concerns. Supply chain disruptions and demand shocks played a more important role in low-contact sectors.

From a comparative perspective, the stringency of health measures implemented in Serbia varied significantly throughout the pandemic, as measured by the Stringency index developed by a group of authors from the University of Oxford. During the lockdown, Serbia implemented a much stricter containment policy, while afterwards, it was about or below average for the EU-27 (from March to June 2020 Serbia recorded 75, while the average was 65; from January 2020 to July 2021 Serbia recorded 52, while the average was 54).

Impact on economy and labour market

At the start of the pandemic, Serbia's economic growth was strong, and in 2019 the GDP recorded an annual growth rate of 4.2 per cent. The economic decline in 2020 was only about 1%, which was much more optimistic than the initial forecasts and also much less than the decline recorded by most other countries in Europe and globally. The real GDP increased by 7.4% in 2021, relatively low in comparison with other Western Balkan countries, and the slower-than-average growth was recorded in 2022 (1.6%), suggesting that the GDP convergence with the EU countries and the advantage over regional peers realized in 2020-2021 was of a temporary nature. But clearly Serbia's economic performance during the 2020-2021 period was among the best in Europe.

Positive trends in the labour market were very slightly interrupted in 2020 due to the outbreak of the Covid-19 virus pandemic. Despite the negative consequences of the crisis, the employment of those aged 15-64 in 2020 compared to 2019 decreased by only 9,000, of which a slightly larger decrease was recorded for men (5,300). Extremely slight decline in employment coupled with a strong depopulation trend has led to an increase in the employment rate of the working age population by 0.6 percentage points compared to the previous year. The change in the employment rate was not gender discriminatory.

The labour market performed even better in terms of unemployment, which decreased by almost 50,000 compared to the previous year, with women experiencing larger drop in the number of unemployed and the unemployment rate than men.

Pandemic and vulnerable groups on the labour market

During the pandemic, apart from its traditional realm of insecure, temporary, low-paid, often informal jobs, vulnerable labour market groups spread to categories of workers that are not considered vulnerable in normal times. These included workers exposed to increased contagion risk and/or longer hours worked due to pandemic, workers who experienced increased job strain, those with young children, and others. Presenting only 'objective' picture would largely miss the second category of workers, because typically their labour market status and wages were not threatened; but the quality of their working conditions or work-life arrangements worsened significantly.

According to LFS and/or administrative data it is possible to identify the following vulnerable groups during the pandemic: Young, informally employed, workers, workers with fixed-term contracts, self-employed, workers in Administrative and support service activities and Travel agency activities, tour operators, reservation services and related activities, and low-educated workers.

As discussed above, the vulnerable groups highlighted by the actors of social dialogue and other interlocutors are somewhat different, although there are many overlaps. These include: Workers hired through atypical and informal contracts, agency workers; healthcare workers; workers in retail, tourism and hospitality; women and parents with young children.

Workers hired through atypical and informal contracts have been identified as major victims of the pandemic crisis. Their vulnerability was exacerbated during the pandemic. Due to the low legislative protection of these contracts, the obligations of the company if they dismiss such workers are negligible. According to administrative data, registered employment grew continuously during all four quarters of 2020, which contributed to the annual employment growth of almost 50,000. However, the number of employees in "long-term employment" increased by more than 50,000, while the number of employees in "temporary and occasional employment" decreased by slightly more than 6,000, corresponding to an annual decline of about 9%. The LFS data suggest that some 56,000 informal jobs were lost, while they confirm the increase in formal employment.

The already unfavourable initial position of young people in Serbia was additionally worsened by the pandemic crisis. Position of young people on the labour market in Serbia has traditionally been significantly worse compared to their peers in the European Union. According to all indicators of the labour market, young people fared worse during the pandemic than the working age population. In contrast to the population aged 15-64, the youth employment rate decreased, while the youth inactivity rate increased more and the unemployment rate decreased less than in the case of the working age population.

Health workers were under particular strain due to increased health (including mortality) risks, prolonged working hours and stress. **Women in health and care sector** were especially affected in this regard since they account for 76% of employees in the health and care sector in Serbia, which was on the frontline of the crisis.

Although statistical data at the macro level do not suggest that women were more affected by the impact of the crisis, most of our interlocutors, especially those coming from trade unions, agree that the crisis put a significant burden on certain groups of women, such as self-employed mothers who had a great level of difficulty in trying to reconcile their private and business life after their children switched to online classes.

Workers in essential services, such as grocery stores and pharmacies, came under strain due to increased workload and health risks. Notably, a large number of jobs classified as "essential" during the lockdown are also low-paid and insecure jobs.

On the other hand, **some workers in non-essential occupations** or in sectors or companies with a high risk of contagion due to direct contact between service providers and consumers (for example, tourism, trade, transport) or because a large number of workers share the workplace (for example, in some parts of manufacturing) suspended their activities to prevent the spread of the infection.

Regarding the economic activity, sector that experienced the sharpest drop in registered employment was Administrative and support service activities. The largest destruction of jobs occurred **in employment within temporary employment agencies**. Somewhat lower employment drop happened within Travel agency activities, tour operators, reservation services and related activities and Office-administrative and other ancillary business activities, as well as in Health and social care.

While for many workers in the public sector the lockdown typically meant switching to working from home, private companies rapidly had to find multiple ways of adjusting to the new situation. Some companies switched to e-commerce (online sales) and teleworking.

Policies adopted in response to Covid-19

Serbia adopted a peculiar set of support measures in response to the pandemic. They were financially generous (in total 2020-21 some 13% as a share of an annual GDP) and at the same time probably the most universalistic worldwide. Despite being supported and used by most businesses and citizens, they came under strong criticism in some expert and NGO circles for their lack of focus. On the other hand, the initial attitude of social dialogue actors toward them was generally positive, even though they were largely excluded from the policy design and adoption processes during the first phase of the crisis. Over time, social dialogue actors – trade unions and employer association alike - became more critical toward the universalistic approach, calling for more targeted measures to help those most in need. The government in later 2020 and 2021 responded by developing a set of differentiated (always categorical rather than targeted) support measures to most affected sectors and population groups, but never really gave up on universal measures.

A few weeks after the declaration of the state of emergency in mid-March 2020, a package of economic measures was passed through the Decree on fiscal benefits and direct aid to economic entities in the private sector and financial assistance to citizens in order to mitigate the economic consequences of COVID-19. By that time, the strict lockdown measures were enforced, preventing the Socio-economic Council from debating them. The initial set of measures was basically designed within the Ministry of Finance with the support of the IMF mission and possibly other external advisors.

The Government designed two types of direct subsidies to the private sector firms to preserve jobs, one for self-employed with employees and micro, small and medium enterprises (MSMEs), excluding the financial sector, and another for large enterprises. The first measure involved **the flat-rate payment of a net minimum wage for each full-time employee in March, April and May 2020**. The amount of the subsidy was universal (about 30,000 dinars per employee per month), regardless of the sector, previous salaries or estimates of losses of an individual company. The basic condition was that firms do not lay off more than 10% of their permanent workforce. This measure was repeated for another two months by the same group of beneficiaries, under the same conditions, but the amount of the subsidy was 60% of the net minimum wage. Measures to preserve jobs for large companies included the payment of 50% of the minimum wage for each employee who was issued a decision on termination of work during quarantine (state of emergency). While the take-up of the first measure was very high, large companies used these subsidies to a much lesser extent.

The financially strong public policy response of the Government to the outbreak of the pandemic crisis has greatly contributed to the resilience of the labour market in 2020. However, the entire initial response of the Government was driven only by macroeconomic considerations, and **vulnerable groups at the fringes of the labour market – those in precarious jobs with non-permanent and other atypical contracts, informal workers and unemployed – were left without any direct support related to their jobs**. On the contrary, the stipulation that the firms were eligible for minimum wage subsidies provided that they did not shed more than 10% of their employees, could have encouraged them to fire those workers that did not count toward the 10% threshold.

As a continuation of support measures, in 2021 the government paid three halves of the net minimum wage per employee in the private sector, regardless of the size of the company.

The second group of measures included the postponement of the payment of taxes and contributions on salaries and salary compensations during the state of emergency.

To further support the hardest hit sectors of tourism and hospitality, passenger transport and logistics, the government distributed 160,000 holiday vouchers to destinations within Serbia. **Later, additional assistance was provided to companies in vulnerable sectors, including hoteliers, travel agencies and bus carriers**, which continued in 2021. Companies from these sectors were given privileged access to loans from the Development Fund of the Republic of Serbia (DFRS). **Measures to support farmers** included relaxing the criteria for loans and financial assistance.

In addition to measures to preserve jobs and help companies, the Government introduced a **one-time universal financial assistance of 100 euros for all adult citizens**. According to the Ministry of Finance, this assistance was received by about 6,150,000 citizens, which amounts to a total of 615 million euros (or about 72 billion dinars). In addition, all pensioners (about 1,700,000 beneficiaries) received a total of 9,000 dinars (about 76 euros) on two occasions.

The main support measures to the population in 2021 were the payment of 60 euros to all adult citizens and assistance to pensioners of additional 50 euros. Also, **all registered unemployed received a one-time additional assistance of 60 euros**, which partially addressed the recommendations that direct financial assistance to individuals and families should have focused on those who need it most.

Part III: Social partners and social dialogue in defence of vulnerable groups

Social dialogue underpins the process of identifying an adequate policy mix across different phases of the health crisis. This requires the active participation of representative employers' and workers' organizations, along with other experts, including sectoral associations.

III.1 Actors

Socio-economic Council as a central tripartite institution exists for over 20 years. Its remit as a permanent tripartite body facilitating social dialogue and socio-economic stability is well defined by the legislation and established practice. However, the disparity in power and to some degree legitimacy level between the unions and employer organizations, on the one hand, and the state, on the other hand, remains very pronounced in Serbia.

Two nationally representative trade union confederations have in the past several years improved their relations and during the pandemic coordinated their activities and initiatives, only partly through SEC. The onsite work of the SEC was suspended during the state of emergency, as all indoor gatherings of more than five persons were banned as of 21 March, a week after the declaration of state of emergency. The next session of the ESC took place only after the end of the state of emergency, on 22 May, but it did not result in any tripartite decisions related to Covid-19.

The unions' strength lies mostly in the public sector where they are signatories of most of the existing sectoral collective agreements. Nevertheless, they have managed to consolidate their membership in the private sector, partly because of reindustrialization during the 2010s, largely driven by the FDIs. Their capacity to negotiate at national and sectoral level in the private sector remains limited.

Employers' Union, the only nationally representative employer association operates with relatively limited capacities, being often sidelined by other actors representing business community – such as

strong and well-funded Chamber of Commerce, Foreign Investors Council, or an influential business-friendly NGO Naled, with excellent links with the Government and international actors. While over time trade unions and relatively weak Employers' Union have established a certain level of mutual recognition and trust, unions and pro-labour think tanks tend to be hostile toward NALED, which has been very active in creating, and lobbying for, business-friendly legislative proposals, often at the expense of labour rights. NALED's activities during the pandemic included lobbying for the further liberalization of labour legislation, including more relaxed rule for agency work and extension of seasonal work outside of agriculture, to activities such as construction, hospitality etc. Unions are similarly hostile toward the Foreign Investors Council, which has recently however been less active, at least in public arena.

III.2 Topics

According to most interviewees, preserving jobs and improving health and safety practices and regulations at workplaces with increased health risks were two top priorities for both unions and employers at the start of the pandemic. In 2021, the emphasis shifted toward the negotiations over pay. At the national level, it resulted in a healthy increase in the minimum wage, although falling short of the trade union demands. Unions have been advocating for quite some time for the minimum wage in Serbia to cover the costs of the minimum family's consumer basket. This demand has persisted even during the pandemic crisis. However, it has not been materialized.

Furthermore, higher pay rises were demanded for workers in specially affected sectors, such as health and retail, especially supermarket chains. While these demands were largely met in the case of medical staff, they were initially mostly ignored when it comes to the latter category of workers. However, toward the end of acute pandemic crisis, the lack of workforce in the retail sector contributed to the improvement of their pay and other work conditions. Some employers also began involving employees in decision-making regarding the work process. Not all employers, but there are some positive examples of employers, specifically in retail establishments, engaging employees in work organization, including the regulation of shift work" a representative of retail trade unions emphasized. 'If anything, this crisis taught us that people, human resources, are the most important production factor for any firm and for the country. This is what at the end employers also realized' – a representative of the Chamber of Commerce said.

At the start of the crisis, unions initiated the change of regulation in order to treat Covid-19 as a professional illness, which implied an increase in sick pay from 60% to 100% of the worker's salary. They were successful in the case of medical staff but according to a trade union leader the use of a 100% sick pay in the private sector has been very limited. "It has been used in situations where it is addressed in collective agreements. It has been demonstrated that in sectors where there are unions, it has been more widely applied compared to sectors where there are none."

The health and safety field was one of the positive examples of cooperative relations between the tripartite actors. This cooperation during the pandemic contributed to the advances in the preparation of new Law on Health and Safety which is expected to be passed in 2023. At the beginning of 2023, in a rare case of cooperation and unanimity, changes in the Law on Health and Safety were supported by the Socio-economic Council at the beginning of 2023.

Related to the issues of health and safety, unions dealt with the new challenges experienced by the seemingly privileged groups of workers who were reallocated by their firms to **work from home**. In

many cases, firms did nothing to provide their workers with necessary equipment, protection and work conditions that are mandatory at their workplaces. It resulted in sporadic improvements. However no new regulation has been passed in that regard. This was illustrated in an interview with one of the trade union leaders “We have emphasized the importance of occupational health and safety committees in companies, as it has been demonstrated that wherever these committees have been active, there has been a low incidence of infection and adequate protective measures have been provided.” However, the labour law does not mandate their establishment, but only provides recommendations. Nevertheless, positive outcomes have been observed wherever these committees have been operational.

On the other hand, **vulnerable groups were not in the center of attention of social dialogue.** According to one union leader, ‘this pandemic has shown, at the global as well as national level, that nothing good can result from the long hailed so-called flexible forms of employment. On the contrary, they disempower workers and make them more vulnerable, especially at the time of crises’.

One of important reasons mentioned for the lack of initiatives to protect vulnerable groups is the legal regulations preventing many of them, especially those without a stable employment contract, from being trade union members – such as self-employed, those on service contracts etc. The very instability of their position, in case of part-time, fixed-term etc. contracts also make such workers much less likely to become union members or objects of interest of trade union.

Another trade union leader was critical of its own organisation’s relative indifference toward the marginal labour market groups: ‘It is a lame excuse to say that we cannot assist them because they are not – nor they can legally be – union members. There are many effective ways in which we could have assisted those groups, from public support, advocacy at the SEC, to creating strategic alliances with their existing organizations or helping them self-organise.’ Another unionist mentioned an interesting case of delivery workers whose numbers exploded during the lockdown phase and remained elevated ever since, but who typically work at the fringes of legality and without any collective voice of their own.

Interviewees from the trade unions agree that young people were not given enough attention within the social dialogue. However, as the main cause, most of them cite the disinterest of young people in joining the trade union. The long-term tendency of declining union coverage among youth ties the hands of unions and prevents them from providing a safety shield to young people in times of crisis.

None of our interlocutors mentioned Roma in this context. They are largely outside of the formal labour market (apart from, traditionally, communal public enterprises) and as such outside of trade union membership. Those Roma living in very difficult conditions in segregated settlements, often without electricity and running water, are also frequently engaged in garbage collection. They faced a very rough time during the long lockdown curfews, since they were unable to freely move and engage in their main income-generating activity. They were a focus of attention of human rights groups and of humanitarian intervention, but not of actors of social dialogue.

III.3 Actors’ interaction

Interviews with interlocutors strongly support the ex-ante assessments from the database on anti-Covid measures, according to which the most intensive involvement of social partners was not stronger than at the consultative level. Moreover, the interlocutors even downgraded their roles from consultative to just receiving information on some measures, although the Government in its

announcements stated that they were consulted. Primarily during the state of emergency, the social partners complained that they were either only informed or were formally consulted but were given rather short time for any serious and coordinated actions.

Our interviewees largely agree that, especially at the beginning of the pandemic, all strategic decisions on anti-Covid measures were adopted unilaterally by the Government. The only reservation related to this assessment comes, unsurprisingly, from a government interviewee. The first SEC meeting was called only two days after the announcement of the state of emergency, but without any decision or concrete plan of joint action. The second SEC meeting, after the announcement of government measures, was held with the participation of the Prime Minister, however the meeting was a presentation of already adopted and non-negotiable measures rather than an exercise in social dialogue. After that, tripartite social dialogue within the Socio-economic council was not possible due to the strict limit of up to five persons participating in the meetings, and this general ban was not lifted for the SES meetings.

Later in the course of the pandemic there was more interaction and true negotiations at the intermediate (sectoral) level, however nation-wide measures more or less remained the domain of the unilateral decisions of the Government, adopted after consultation with various actors. Nevertheless, the Chamber of Commerce not only participated in activities crucial for system stability but also played a role in formulating those legal measures adopted by the executive authority, the government, told us its representative. The impression is that the representative Employers' union also had some influence on decision-making. Their representative would describe their experiences as follows: "UPS utilized its right as a representative social partner to directly address the government and the crisis staff regarding economic measures. They proposed certain incentives for employers, specific tax benefits, and some of our suggestions made it into those measures, perhaps not exactly as we proposed, but it showed that we were initiators in a different way. There were still unresolved issues because we also informed the government about how employers operate and think. We pointed out the illogicality of certain measures, and as a result, those measures were later changed. The main point is that we were a source of information because someone from the ministry's office cannot impose on employers how they should function in crisis conditions."

The cooperation between businesses and trade unions was especially strong and effective in affected sectors. Some of these experiences were relayed to us by a trade union representative: "We noticed that employers gradually improved their organization over time. They started involving employees in decision-making regarding job organization. For example, the head office employees were able to work from home, but remote work was not feasible in retail stores, and the ratio of retail to head office workers is 10:1 or more. It took time to adapt the work to the new circumstances. As a trade union, we participated in this process and addressed any irregularities concerning vulnerable groups."

Businesses and trade unions from affected sectors advocated for selective additional measures, and the Government became more prone to listen to them with the passage of time, when it became clear that the universal and financially undifferentiated subsidies to firms leave the most affected sectors in a very difficult situation, while other sectors enjoyed the subsidy windfall and were able to increase their profit margins thanks to this support.

III.4 Outcomes

Trade union representatives agree that their initiatives had very limited to at best modest effects on the final outcomes in terms of adopted measures, and even more so when it comes to the protection of traditional vulnerable groups. One of them points at their 'learned helplessness'. At an early SEC meeting, the trade union representatives insisted that more should be done to prevent firms to fire those with the least secure contracts, as well as to assist those who were before Covid-19 in a precarious position, for example the informal and unemployed workers. However, the government remained faithful to its stimulus package philosophy.

Another union called for the general ban on firing workers during the pandemic – a measure which would benefit the most those in atypical contracts, since they would have to be protected by the ban as well according to the proposal. This was flatly refused by the Government, and the union representative acknowledged in the interview that the proposal was a call for solidarity rather than a well-argued initiative.

The government representatives consistently in the first phase refused to reconsider their firm 'non-selective' stance and to design specific protective measures for vulnerable groups, commenting that members of these vulnerable groups will be taken care of directly as citizens and indirectly through the preservation of economic activity, so that if they lose a job in one place, they can easily get another elsewhere. Since it was clear that the government downplayed the problem of traditional vulnerable groups and was unwilling to reconsider its position, and since the core of trade union membership was well protected by the adopted government measures, trade unions effectively gave up on that issue.

More successful outcomes were achieved in defence of specific new Covid-19 vulnerable groups, especially if they belonged to the core workers and were better protected by trade unions. These included higher pay for health and other essential workers, higher than legally prescribed amounts of sick pay and remunerations for workers on forced leave; stricter compliance with health and safety standards etc.

III.5 Evaluation of social dialogue role in adopting protective measures in response to Covid-19

Most of interviewees, especially among trade unions representatives, agree that Covid 19 situation only confirmed well-known longstanding facts about social dialogue in Serbia. The social dialogue in Serbia is still relatively weak, especially in relation to social partners' involvement in the creation of relevant policies. There is no economic and political strength at the level of national non-state social dialogue actors, nor organizational capacities that could provide a balance of power between the state and social partners. The pandemic has shown that more mutual respect and recognition as well as solidarity among non-government social partners are needed in order to provide enough power to shift the pendulum from the state side to the side of the social partners. In this regard, the pandemic crisis was a rare occasion when at times the Government did not have a comfortable role of an arbiter representing public interest attempting to reconcile particularistic interests of trade unions and employers. Instead, as was the case in hardest hit activities, it was faced with joint demands of trade unions and employers and was more prone to accept the demands for additional support in such cases.

In contrast to the national level, where the hands of the social partners were mostly tied, some evidence suggests that Covid 19 showed the significance of strong trade unions and their actions at the company level. As claimed by union representatives, it turned out that the situation in terms of safety and health at work during the pandemic was significantly better in those companies where the workers

were unionized. The collective agreements that expired during the pandemic were according to some interlocutors extended more frequently in companies where there was a strong union pushing for it. However, it cannot be said that there was a general progress in the bipartite social dialogue during the pandemic. The social dialogue remained weak at the sectoral level in the private sector. It continues to be the exclusivity of the public sector because no sectoral collective agreement that occupies a significant number of workers has been signed in the private sector.

Part IV Evaluation and conclusions

The pandemic crisis caused severe shocks and changed the previously existing equilibrium in the economy and especially on the labour market. State intervention, primarily the minimum wage subsidies for job retention but also postponement of the payment of taxes, has greatly mitigated the intensity of the overall blow to the labour market.

However, by protecting primarily formal workers on indefinite contracts, it has left other categories of employees less protected, especially those in fixed-term employment, without employment contracts, as well as informally employed. Firms facing business difficulties due to pandemic therefore typically adapted by reducing atypical and informal employment. These categories of workers could count only on general protection through general stimulative measures of economic policy which supported aggregate demand, and thus indirectly protected the overall employment level, but not individual workplaces.

Additional measures targeting the most affected sectors and activities (tourism and hospitality, carriers, personal services, etc.), were often adopted also due to cooperation and joint lobbying of non-state social dialogue actors. Again, these measures were more efficient when it comes to the protection of permanent employees, but were not strong enough to better protect employees with atypical contracts or those outside the formal sector.

Our interviews have confirmed that the most vulnerable workers are among those without a stable employment and of course those without any employment. One of the sources of their vulnerability and marginalization in the labour market is related to the fact that they are not – and in most cases cannot legally become – trade union members. In the future, unions need to pay more attention to these groups, to create strategic alliances with their existing organizations or help with their resources and experience them to self-organize.

One common thread shared by all stakeholders is that the Covid-19 crisis stimulated the atmosphere of solidarity and cooperation among them. Their assessment of other actors' involvement and behaviour was in general quite positive.

At this moment, and this opinion is apparently shared by most of our interviewees, there are important lessons to be learned, but the balance of power and attitudes of actors have not changed as much as perhaps expected at the peak of the Covid-19 crisis. In some important aspects of social dialogue, the return to normalcy and the 'business as usual' has actually been remarkably fast.

A tentative conclusion might be that the Covid-19 crisis was an extraordinary experience for Serbian society and all the actors of social dialogue. However, one cannot predict its long-term effects on the

future of social dialogue and protection of vulnerable groups and whether it would from some future vantage point turn out to become a critical juncture in their development.

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Appendix

Table 1 - Interviewed Organisations and their Identification of Vulnerability

| Name of Organisation | Type of Organisation | Identification of Vulnerability |
|----------------------|----------------------|---------------------------------|
|----------------------|----------------------|---------------------------------|

| | | |
|--|--|---|
| Confederation of Autonomous Trade Unions of Serbia (Savez samostalnih sindikata Srbije) | Trade Union representing heterogeneous workers | <ul style="list-style-type: none"> • Informal workers • Freelancers • Healthcare workers • Medical workers |
| United Branch Trade Unions "Independence" (Ujedinjeni granski sindikati "Nezavisnost") | Trade Union covering workers in 9 different branches | <ul style="list-style-type: none"> • Informal workers • Precarious workers • Temporary workers • Women |
| Autonomous Trade Union of Retail workers in Serbia (Samostalni sindikat trgovine Srbije) | Largest Trade Union in the field of Wholesale and retail trade | <ul style="list-style-type: none"> • Retail workers • Roma • Older workers • Single parents |
| Confederation of Free Trade Unions (Konfederacija slobodnih sindikata) | Trade Union representing workers in the state owned enterprises and public sector | <ul style="list-style-type: none"> • Healthcare workers • Youth • Postmen • Installers |
| International Labour Organization (Međunarodna organizacija rada) | A specialised agency of the United Nations that promotes social justice and internationally recognized human and labour rights | <ul style="list-style-type: none"> • People with disability • Women • Youth • Ethnic minorities • Informal workers |
| Ministry | Ministry of Trade, Tourism and Telecommunication (Ministarstvo trgovine, turizma i telekomunikacija) | <ul style="list-style-type: none"> • Retail workers • Women • Low-wage workers • Tourism and hospitality workers |
| Chamber of Commerce and Industry of Serbia (Privredna komora Srbije) | A national association of all Serbian businesspeople | <ul style="list-style-type: none"> • Self-employed • Women • Youth • Workers in high-contact sectors • Business in certain sectors |
| The Serbian Association of Employers (Unija poslodavaca Srbije) | Only Employers' organisation in Serbia that is representative at the national level | <ul style="list-style-type: none"> • Self-employed • Employed parents • Business in certain sectors • Workers in high-contact sectors • Single mothers |
| Autonomous Trade Union of Tourism and Catering of Belgrade (Samostalni sindikat turizmai ugostiteljstva Beograda) | Trade Union representing workers in Tourism and Catering at the local level | <ul style="list-style-type: none"> • Workers on atypical agreements (e.g. service contracts) • Temporary workers • Leased employee • Hospitality workers |
| Ministry | Ministry of Finance (Ministarstvo finansija) | <ul style="list-style-type: none"> • Low-wage workers • Informal workers • Workers in front-line occupations |

Views and opinions expressed are those of the authors only and do not necessarily reflect those of the European Commission. The European Commission cannot be held responsible for them.

