

BARSERVICE



Towards Smart Bargaining in the Retail sector in Romania

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Executive summary

This report analyses the Romanian retail sector, focusing on its structural features, collective bargaining dynamics, and legislative environment. The sector is dominated by large multinational retailers and fragmented small businesses, creating disparities in wages and working conditions.

The report follows a qualitative methodology based on the collection of primary data through structured interviews and the collection and analysis of secondary data. The interviews were conducted with leaders of organisations representative of participating in social dialogue in the sector examined. The organisations participating in this research are The Federation of Unions from Trade (FSC), The Association of Large Retail Networks in Romania (AMRCR), Concordia Employers' Confederation, The National Trade Union of Selgros, The Association of Pharmacies and Pharmacists from Romania, and corporate retail chains.

The state of collective bargaining in Romania's retail sector is marked by a mix of legislative strengths and structural weaknesses. On the positive side, recent legal reforms, such as the reduction of the union representativeness threshold to 35% and the Social Dialogue Law of 2022, have created a clearer legal framework, allowing unions to gain legal bargaining status more easily.

Collective bargaining is highly decentralised, with agreements limited to company-level negotiations due to the absence of a sectoral contract. The Employers' Federation of Trade Networks (FPRC) has significant influence, covering 44.3% of employees, while fragmented unions struggle to reach the 5% minimum representativeness threshold. This imbalance weakens collective bargaining and limits labour protection.

Company-level collective agreements often provide strong protection for employees where unions are well established, with international trade union networks offering additional support in some cases. However, *the absence of a sectoral collective bargaining agreement (CBA)* limits the extension of benefits to the entire industry, while employer resistance and a low degree of unionisation weaken the negotiating power of workers. The lack of active participation of small retailers and insufficient government support further fragment the labour market. Unions also face significant logistical and financial challenges, which limit their organisational capacity and effectiveness in negotiating comprehensive agreements.

I. Sector identification and trends

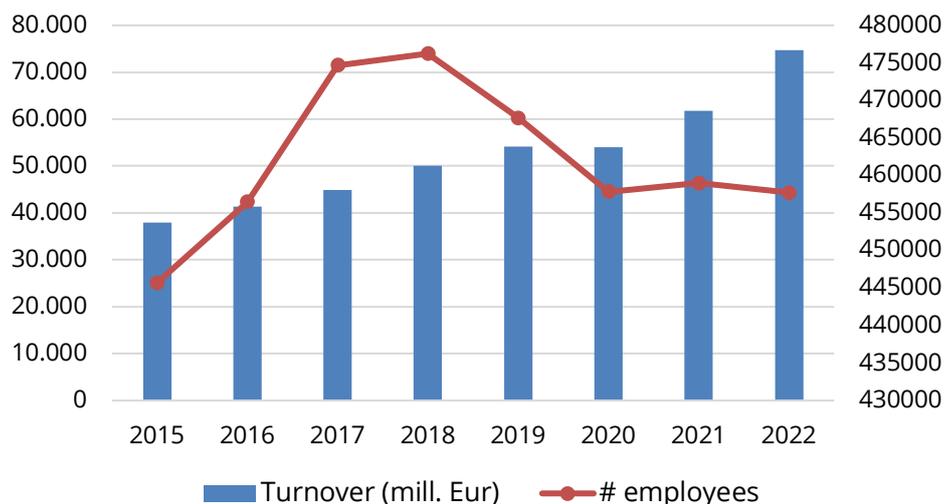
Sector description

The retail sector in Romania shows a *complex economic dual structure*, dominated by multinational companies and extensive distribution chains, both in the food and non-food segments.

Multinational companies control the market through hypermarkets and large supermarkets, such as Carrefour, Auchan, Lidl, Selgros, Metro, and Mega Image. Large companies benefit from well-integrated supply chains and economies of scale. On the other hand, there is a large number of small companies with limited resources and capacity for expansion. Activities include production, distribution, sales, and after-sales services, which gives the sector a strategic role in the national economy by contributing significantly to GDP and creating a large number of jobs.

The Romanian retail sector experienced significant turnover growth between 2015 and 2022, rising from €37.99 billion in 2015 to €74.68 billion in 2022 (Figure 1). This represents a steady and accelerated increase, particularly post-2020, where turnover surged by 14% in 2021 and 21% in 2022. Despite the slight dip during the pandemic in 2020, the sector demonstrated resilience and strong recovery.

Figure 1. Evolution of the number of turnover (million €) and employees in the retail sector



Source: National Institute of Statistics of Romania (2024)

Note: Data refer to NACE 47 Retail

The significant increase in turnover, coupled with a decline or stabilization in employment, points to rising productivity per employee. This is attributed to increased technology adoption, automation, and operational efficiency in the retail sector. The pandemic likely accelerated these changes, as companies sought to maintain output while managing workforce challenges. Additionally, the sector's ability to recover quickly post-pandemic underlines its resilience and adaptability, likely supported by strong demand, improved efficiency, and possibly inflation-driven price increases.

In contrast, the number of employees saw an initial increase from 445,699 in 2015 to a peak of 476,231 in 2018 but declined afterward, stabilizing around 458,000 between 2020 and 2022.

This report examines industrial relations in the collective bargaining (CB) Sector 26 - Retail, as defined by the Government Decision no. 171/2023 on the establishment of CB sectors (Government of Romania, 2023). The number of employees covered by this CB sector was 314,725 employees in 2022 (National Institute of Statistics of Romania, 2022).

Recent trends shaping the retail sector

Automation and digitisation of processes have become essential for order and inventory management in large companies, influencing the organisation of work and labour relations. Skilled labour shortages are a major challenge, affecting operational efficiency, and companies are increasingly looking for workers from other countries.

The digitisation of work involves the automation of processes through self-service cash registers and integrated IT systems. At the same time, diversifying the activities of employee activities requires continuous training and the development of multiple skills.

Market expansion and consolidation continues through acquisitions and mergers between large companies, while legislative pressure and competition for personnel drive up wages and benefits in companies that can support these costs.

Increased *competition* between large chains and small retailers is putting pressure on costs and wages. Labour turnover is moderate in large chains, but significant in small companies, where staff turnover remains high. The flexibility of the workforce is expanding through the increase in the number of temporary employees and the use of recruitment agencies.

Processes affecting these trends

1. *Economic and competitive pressures*: Companies face fierce competition, which forces them to adopt advanced technologies for efficiency. Multinationals try to maintain their competitive advantages by reducing labour costs, which limits the expansion of unionisation and collective bargaining. The constant competition between large retailers and local stores affects profit margins and the ability to offer competitive wages.
2. *Legislative changes*: Regulations on minimum wages, working hours, and employee security directly influence companies' strategy.
3. *Accelerated technologization*: Automation of business processes reduces traditional jobs, changing the nature of jobs and the roles of employees. Investments in automation and digitisation are necessary to maintain competitiveness but involve high costs. Automation reduces the need to train employees for repetitive tasks and requires the retraining of the remaining staff for more complex roles.
4. *Demographic changes*: Migration and low-skilled workers lead to recruitment difficulties. Staffing shortages are forcing companies to recruit migrant workers, which could create new challenges for labour rights.
5. *Low level of skill of the labour force*, which contributes to the maintenance of low wages and job insecurity.
6. *Organisational culture*: Employers are gradually adopting a performance-oriented and employee-welfare-oriented culture to reduce staff turnover. The lack of a strong culture of social dialogue and cooperation affects negotiations at the sector and unit level.

II. Current state of collective bargaining

The current state of collective bargaining in the retail sector is characterised by a power imbalance in favour of employers, limited contract coverage, and companies' resistance to negotiations.

CB in the Romanian retail sector is dominated by *the company level*, with limited impact on employees in the sector. The company level represents the most common form of CB, being found in large companies, especially in multinationals where unions are well represented. At this level, CBAs are negotiated directly between unions and employers and include provisions on minimum wages, fringe benefits, working conditions, and working hours. Notable examples of such contracts are those signed at Selgros and Metro. However, these negotiations are

limited to a small number of large companies, leaving much of the sector without effective union coverage. Although recent legislation has created premises for sectoral negotiation, its effective application depends on the interest and capacity of trade unions (TU) and employers' organisations to engage in structured social dialogue.

On the other hand, *the sectoral level of collective negotiations is, at present, practically non-existent*. Although there are representative structures for employers and employees, so far, no CBA has been concluded at this level. The main difficulties are related to the lack of interest on the part of employers, the resistance to unionisation, and the insufficiently developed legislative framework, despite the recent redefinition of the thresholds of union representativeness.

The consequences of the absence of sectoral CB are significant. Without a sector-wide collective agreement, employee rights and benefits are fragmented, and working conditions vary considerably from company to company. This situation limits the possibilities of improving the general labour and salary standards in the retail industry in Romania. Although recent legislation has created premises for the initiation of sectoral negotiations, effective implementation depends on the interest and capacity of trade unions and employers' organisations to engage in structured social dialogue.

The national level in CB in the retail sector is also non-existent.

On the *employer side*, the *Employers' Federation of Trade Networks (FPRC)* is representative at the sector level in the CB sector 26 of the CB. FPRC represents 24 large retailers, both food and non-food segments. FPRC company members employ 139,445 employees, representing 44.3 % of total employees in the retail CB sector #26, as defined by Government Decision No. 171/2023 regarding the establishment of collective bargaining sectors (Ministry of Labour and Social Solidarity, Social Dialogue Commission, 2024, p.35).

The FPRC was established in 2013, in accordance with the provisions of Law no. 62/2011 of the Social Dialogue, having as founding members the Association of Large Retail Networks in Romania (AMRCR) and the Employers' Association of Retail Networks (APRC). At the national level, FPRC is affiliated with the Concordia Employers Organization. Through the Association of Large Retail Networks in Romania (AMRCR), FPRC is represented within EuroCommerce. EuroCommerce represents at European level the voice of 6 million companies in the retail and wholesale trade and distribution and includes national employers' organisations from 31 countries.

Covering almost half of the retail workforce, the *FPRC has a dominant position in collective bargaining*, with the ability to significantly influence negotiations. Because FPRC represents large and well-integrated companies, this can contribute to a power imbalance between multinational companies and small traders, which are less organised and represented. The FPRC has a considerable advantage within the Social Dialogue Commission due to the economic size of its members. This allows it to negotiate favourable terms for companies, setting standards that can influence the entire industry.

On the employee side, The Federation of Unions of Trade (FSC) is the representative organisation at the CB sector 26 Retail. It includes 16,266 trade union members across these five affiliated unions, representing 5.15% of the total employees of the CB sector retail. FSC includes TU from 5 major retail companies in Romania, such as Carrefour (7295 TU members), Selgros (3847 TU members), Metro (2336 TU members), Artima (1844 TU members) and Columbus Operational (944 TU members) (Ministry of Labour and Social Solidarity, Social Dialogue Commission, 2024, p.9).

The following main characteristics emerged from this research:

Strong employer representation at the sectoral level: The Employers' Federation of Trade Networks (FPRC) plays a central role, representing 24 large retailers in the food and non-food segments, covering 44.3% of all employees in the sector, according to current legislation.

Strong union representation at the company level in large companies: In large companies, unions are well organised, giving employees protection and representation in negotiations. The presence of large unions allows the negotiation of detailed CBAs that include clauses regarding wages, benefits, and working conditions.

CB in the retail sector in Romania *is predominantly decentralised*, taking place mainly at the unit or company level. Most contracts are negotiated directly between employers and existing unions in large companies, without significant involvement of government authorities or sector-level coordination. This decentralised approach limits the extension of employee rights and benefits across the sector.

Coordination in the CB process is minimal, particularly due to the lack of a formal framework to bring employers and unions for centralised bargaining. Employers prefer to negotiate individually with unions within their own companies, avoiding the conclusion of collective agreements at the sectoral level. Employers prefer to

retain control over the bargaining process, avoiding the pressure of an applicable general collective agreement.

Differences in interests between the parties, lack of experience in extensive collective bargaining, and resistance from employers' organisations further contribute to the maintenance of a *fragmented bargaining structure*.

Strengths of the current negotiation mechanism:

1. *Favourable legislation*: Legislative changes, including the reduction of the union representativeness threshold to 35%, facilitate the formation of unions and the obtaining of legal bargaining partner status. The Social Dialogue Law no. 367/2022 created a clearer and more favourable legal framework for collective bargaining.
2. *Clear legal representation requirements*: The existence of legally recognised structures for both parties involved in negotiations provides a solid legal basis for social dialogue. This allows the establishment of clear norms in labour relations and in the implementation of collective agreements.
3. Collective agreements negotiated at the company level often include detailed and well-defined clauses that are *consistently respected by large employers*, which provides protection for employees in companies with strong unions.
4. *International support*: Some unions benefit from the support of European trade union networks, which contributes to strengthening their bargaining capacity and promoting international labour standards within multinational companies.

Weaknesses of current negotiation in the retail sector

1. *Lack of a sectoral CBA*: The absence of a collective agreement applicable to the entire sector limits the extension of benefits to all companies, directly affecting the uniformity of the labour standards, wages, and conditions of the employees.
2. *Employer resistance*: Many employers prefer to avoid collective bargaining, opting for unilateral agreements or individual negotiations with employees. This blocks initiatives for extended social dialogue.
3. *Low degree of unionisation*: In many companies, there are no legitimate unions, which limits the scope of bargaining and collective protection of employees in the sector.
4. *Low interest in collective bargaining*: Both employers and some unions show little interest in extended bargaining. The preference for direct agreements with

employee representatives is common, undermining formal social dialogue.

5. *Lack of participation of small traders in social dialogue:* Small traders do not actively participate in collective negotiations, either due to lack of resources or a lack of interest. This contributes to the fragmentation of the labour market and the uneven application of labour standards.
6. *Lack of government support:* Government institutions specialised in the retail sector are poorly developed, and the participation of the Ministry of Labour and other authorities in supporting collective negotiations is low.
7. *Limited organisational capacity:* Unions face limited financial and logistical resources, which affects their ability to conduct effective negotiations and support complex administrative processes.

III. Challenges to collective bargaining

CB in the Romanian retail sector faces complex structural and contextual challenges, which limit the effectiveness of social dialogue and the application of industry-wide benefits. The main challenges include the following:

1. *Fragmentation:* The inexistence of the CBA at the national and sectoral levels led to fragmentation of collective bargaining, leaving only room for individual negotiations at the company level. This affects the uniformity of work conditions and reduces the protection of employees.
2. *Poor quality and labour shortages:* Frequent staff turnover and labour migration reduce the stability of bargaining teams and employee interest in unionisation. The shortage of qualified employees leads employers to use temporary labour, complicating the implementation of CBAs.
3. *Resistance of employers to social dialogue:* A significant number of companies, especially multinationals, prefer individual agreements to collective bargaining. The lack of a binding sectoral framework facilitates these unilateral practices, especially in companies that are not affiliated with employers' organisations.
4. *The lack of participation of small traders in the social dialogue:* Most small and medium-sized companies do not have unions and, implicitly, do not participate in collective bargaining. This exclusion contributes to a significant fragmentation of the labour market and the unequal application of labour standards in the industry, leaving an important segment of the workforce unprotected. The use of temporary employment contracts is a common practice that is used to avoid the

application of CBAs.

5. *Gender segregation*: Women, who make up a significant proportion of the retail workforce, are under-represented in management positions. Wage gaps persist, especially in small and medium-sized companies, where union structures are weak or non-existent. This disparity accentuates the inequalities in the sector and limits progress in improving working conditions.

6. *Reduced organisational capacity of unions*: Unions in the retail sector face limited financial and logistic resources, which reduces their effectiveness in initiating CB and advocating for employee rights. The difficulties in recruiting new members prevent the development of strong and functional trade union structures.

To overcome the challenges identified in the retail sector, legislative, organisational, and social measures are needed to facilitate a functioning social dialogue, strengthen the role of trade unions, and stimulate the involvement of employers. The main tools to address these challenges are synthesised in Box 1.

Box 1. The main tools to address CB challenges in the retail sector

1. Reforming the legislative framework

- Introducing clear rules: Strengthening labour law to impose the obligation of collective bargaining at the sectoral level.
- Lowering Representativeness Thresholds: Lowering the threshold at the national and sectoral level to facilitate the expansion of unions and the initiation of collective bargaining.
- Automatic extension mechanisms: Automatic application of sector-negotiated collective agreements for all companies in the field, including those not affiliated with employers' organisations through *erga omnes* extension at sectoral level.

2. Government support and monitoring

- Creation of a dedicated government agency: A specialised structure could monitor collective bargaining, support social dialogue, and intervene as a mediator in conflicts between unions and employers.
- Enforcement of sanctions: Introducing penalties for companies that refuse collective bargaining or violate employee rights.
- Transparency measures: Monitoring the implementation of collective agreements and reporting progress to the competent authorities.

3. Consolidation of trade unions

- Information and recruitment campaigns: Increasing the degree of unionisation through employee awareness campaigns on the benefits of collective bargaining.
- Training programmes: Organisation of courses for trade union leaders, focused on the development of negotiation skills, legal representation, and strategic organization.
- Access to funding: Attracting European and national funds to develop the organisational capacity of trade unions.

4. Development of a culture of social dialogue

- Creating dialogue platforms: Establishing national and sectoral forums and platforms to bring together trade unions, employers, and authorities for regular discussions.
- Promoting transparency: Organising public meetings and awareness campaigns to encourage open communication between social partners.
- Joint training courses: Simultaneous training of union leaders and managers to improve cooperation in negotiation processes.

5. Economic incentives for participating companies

- Tax benefits: Granting tax benefits to companies that negotiate and sign collective labour agreements.
- Prioritisation in public procurement giving an advantage to companies that respect labour standards and participate in CB.

6. International Collaboration

- Partnerships with European trade union networks: Collaboration with international organisations for logistical, legal and financial support in trade union development.
- External consulting: Access to the expertise of European organisations to improve social policies and the CB framework.
- Exchange of best practices: Organisation of international workshops and conferences to take over successful models from other EU member states.

IV. Towards Smart Bargaining

Smart bargaining in the retail sector is seen as a structured, data-driven process that relies on collaboration, transparency, and adaptability. It aims to create a balance between economic goals and workers' rights, supported by a clear legislative framework and strengthened organisational capacities. Developing a culture of dialogue and trust is crucial to achieving equitable and sustainable outcomes.

The main characteristics of intelligent negotiation identified are as follows:

- *Data-driven approach*: Smart negotiations use economic, financial, and social data to inform bids and offers. The information collected on wages, working conditions, productivity, and the labour market allows the parties to formulate realistic and sustainable proposals.
- *Transparency and communication*: An essential element of smart bargaining is open and responsible dialogue between employers and employee representatives. Transparency about the economic data, positions, and expectations of each party helps to build trust and achieve fair results.
- *Flexibility and adaptability*: Negotiations must be flexible enough to adapt to the specifics of each company and changes in the economic context. This approach allows the identification of customised solutions that meet both

the needs of employees and the competitiveness objectives of employers.

- *Balance between employers' economic interests and employees' rights:* Smart bargaining aims to protect employees' rights, such as decent wages and safe working conditions, without compromising companies' goals for growth and profitability. Thus, a balance is created between employee security and operational flexibility.
- *Orientation towards results and sustainability:* Negotiations must be orientated towards obtaining results that ensure the continuous improvement of working conditions, but also the increase of productivity and economic stability of companies. The resulting agreements must be viable in the long term and promote the sustainable development of the sector.
- *Long-term social partnership:* Smart bargaining is based on cooperation and strong partnerships between trade unions, employers, and authorities. This approach favours continuous social dialogue and creates conditions for sustainable economic and social stability.
- *Compliance with commitments and regulations:* The smart bargaining process respects labour legislation and European good practices, ensuring compliance with international standards and protecting the fundamental rights of employees.

V. European Perspectives

The European Adequate Minimum Wage Directive brings significant opportunities to improve working conditions and strengthen collective bargaining in the retail sector.

One of the most important provisions of the Directive is the obligation of member states *to establish minimum wages that ensure a decent living for employees*. In Romania, this initiative has already stimulated an increase in the minimum wage and has the potential to positively influence conditions in small and medium companies, where wages are often below the national average. This measure is particularly relevant in the retail sector, where low-paid jobs predominate, thus contributing to reducing poverty among employees and increasing motivation and productivity.

The directive aims *to reduce wage inequalities*, including those determined by gender, precarious professional status, or differences between Member States. In

the retail sector, where temporary contract employees and the female workforce predominate, this provision has a particular impact.

The directive encourages member states *to reach a coverage level of 80% through collective bargaining*. For the retail sector in Romania, which faces a low level of unionisation and resistance from employers, the implementation of this measure can represent a major change, facilitating the extension of collective benefits to a larger number of employees.

Establishing adequate minimum wages and expanding CB *maintain fair competition between companies*. Although rising wage costs can be a challenge for employers, implementing uniform wage policies can reduce unfair competition based on low wages and encourage investment in the quality of the workforce.

The directive provides a clear legal framework that encourages *transparency and accountability* in the CB process. This strengthens the role of social partners and facilitates the adoption of good European practices in the retail sector.

Role of EU-level social partners in supporting bargaining coverage

European social partners such as the European Trade Union Confederation (ETUC) and Business Europe play a key role in strengthening collective bargaining at the European and national level. They actively contribute to the creation of a favourable framework for the expansion of social dialogue and for the development of harmonised social policies in the European Union.

Key Contributions of the European social partners

- *Promotion of European standards*: European social partners support the creation of a common legislative framework for CB, thus contributing to the standardisation of social policies in member states.
- *Technical and logistical assistance*: European organisations provide logistical, financial and legal support to national trade unions to strengthen their organisational capacities. This assistance is essential for countries like Romania where TUs are poorly developed or where social dialogue is limited. In addition, it provides consulting services for compliance with European regulations and for the creation of effective negotiation strategies.
- *Pressure on multinational companies*: Through international networks and cross-border collaboration, social partners can put pressure on multinational companies to comply with European standards in all

countries where they operate. This contributes to the elimination of unfair practices and increases the social responsibility of employers.

Perspectives on cooperation and learning between social partners

Cooperation and learning between social partners are facilitated through transnational platforms and projects that enable the *exchange of best practices* among member states. This exchange allows trade unions and employers to implement *innovative solutions* based on the successes and challenges experienced in other countries. Furthermore, *joint training programs* organized by European social partners help develop negotiation skills, improve social dialogue, and strengthen collaboration between trade union leaders and company managers. The creation of *permanent platforms for transnational dialogue* fosters closer cooperation, supporting the *harmonisation of labour policies* and *reinforcing collective bargaining* across all economic sectors within the European Union.

VI. Conclusions

The analysis of the retail sector in Romania highlights a complex and constantly evolving economic landscape, marked by structural challenges, legislative gaps, and significant opportunities for the development of collective bargaining. The sector is characterised by a dual structure dominated by large multinational companies and a fragmented network of small traders, with major implications for labour relations and employment standards.

The study shows that collective bargaining in the retail sector is highly decentralised, with most agreements being limited to the company level. Despite recent legislative improvements, including the reduction of the trade union representativeness threshold, a sectoral collective agreement remains non-existent. This decentralisation prevents the standardization of working conditions and the expansion of employee rights. Employers prefer to avoid sectoral agreements and conclude individual or company-specific contracts. The lack of participation of small traders accentuates the fragmentation of the labour market.

In this context, the Employers' Federation of Trade Networks (FPRC) dominates the social dialogue, representing companies that employ 44.3% of all employees in the retail sector CB #26. This significant presence gives large retailers considerable bargaining power, which often limits the scope of negotiations. At the same time, the TU movement is highly fragmented, with the representative trade union at the sector level barely reaching the minimum representativeness threshold of 5%,

which weakens the collective bargaining process. Strengthening unions through organisational development, training programs and increased financial resources is essential to balance the bargaining power between employers and employees.

Adopting a smart bargaining framework based on transparency, data-driven decisions, and balanced negotiations could transform labour relations in this sector. This approach supports long-term partnerships, promotes sustainable working conditions, and balances economic objectives with employee rights. Creating a culture of social dialogue based on trust and permanent negotiation platforms can significantly improve the collective bargaining process.

The European Union directive on adequate minimum wages offers significant potential to improve working conditions and expanding collective bargaining in Romania. European social partners such as the European Trade Union Confederation (ETUC) and BusinessEurope play a key role by providing technical, financial, and logistical support to national trade unions. Their continued involvement is important for harmonising social policies and ensuring compliance with European standards.

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