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# Country Report Serbia

## 1. Introduction

This report examines the processes of building and maintaining trust, as well as the sources of trust and distrust between social partners across different levels in Serbia. It explores the role of trust in industrial relations, focusing on how social partners perceive its impact on social dialogue and collective bargaining. We analyse various dimensions of trust, key obstacles to its development, and the broader implications for industrial relations. The findings are based on interviews with stakeholders and experts at national, sectoral, and company levels in three sectors. The report is part of the TRUE EUROPE research project, which investigates the determinants and outcomes of trust in social partner relations. Interviews were conducted in eight countries, focusing on the metal, transport, and banking and finance sectors. We explored trust levels across different social dialogue topics—from core issues like wages to less contentious areas such as digitalisation, skills and training, and health and safety.

This report is based on two main types of sources. The first type is desk research, comprising information collected from literature review from published scientific sources, various policy and statistical reports, webpages, available collective agreements (CA) and other documentation. The second type is primary sources, comprising 15 interviews conducted in 2024 and 2025 with representatives from trade unions (TU), employer organisations (EO) and other stakeholders at the local, sectoral and cross-sectoral levels of industrial relations. Our exclusive focus in interviews conducted at the local and sectoral levels was on the issues of trust in sectors of Banking & Finance and Metal sector, while in interviews with cross-sectoral stakeholders, apart from sectoral issues, general issues of trust in industrial relations and collective bargaining were also tackled. Ten interviews were conducted in person, three over the phone, and two digitally. In some cases, there were follow-up interactions. The interviews lasted between 45 and 75 minutes.

Table 1. Interviewees: levels and sectors (no. of respondents)

Level	Banking & Finance	Metal	Cross-sectoral	Total
<b>Local Level</b>				
Employee rep.	2	2		4
Employer rep.	1	2		3
<b>Sectoral Level</b>				
TU official	1	2		3
EO official	1	1	1	3
Other (Gov./Civ.)			2	2
<b>TOTAL</b>	<b>5</b>	<b>7</b>	<b>3</b>	<b>15</b>

We interviewed 1-2 representatives in both sectors for the main trade unions involved, at both sectoral and company levels. On the employer side, we interviewed local HR professionals and managers, and a person representing interests of business community in

one of the sectors. We managed to have one pair of respondents from the same company in both sectors. At the cross-sectoral level, we interviewed national-level negotiators or others with involvement in negotiations, social dialogue, and collective bargaining. For confidentiality, we refer to the interviewees as # 1 RS, # 2 RS, etc. and have as a rule chosen not to connect specific representatives with the selected sectors.

## 2. Industrial relations at national and sectoral level

In terms of industrial relation system classification, Serbia is often positioned together with either CEE or Southern European countries. The relations are typically described as non-cooperative and conflictual, with a clear power asymmetry in industrial relations. There is strong state intervention, while trade unions are generally weak and fragmented. Also, representative employer association at national and sectoral level are marginalized by national business associations outside of the tripartite or bipartite frameworks<sup>1</sup>.

While the majority of interactions between the state and non-state actors are characterized by acquiescence, there is considerable conflict between employer organisations 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.

Industrial relations in Serbia are regulated by the comprehensive body of labour legislation, whose cornerstone is the Labour Code. After the political changes that facilitated privatization of former 'socially owned' firms in the early 2000s, there has been a steady decline in trade union density. According to the latest available, although quite obsolete, OECD data, the union density decreased from 33.3% in 2010 to 26.4% in 2014. An estimate produced for Eurofound rounded down the percentage to 25% (Arandarenko 2019). The adjusted bargaining coverage rate, which is a share of employees covered by the collective bargaining agreements, decreased even more from 55% in 2010 to around 30% in 2019, mostly due to legislative changes which made the extension of CAs almost impossible. The employer organisation density stands reportedly at 25% in 2019 (OECD & AIAS 2021). Overall, the data on trade union and employer association's membership are often disputed which is an issue undermining mutual trust and sometimes legitimacy of social partners.

While the public sector continues to have a relatively high (albeit declining) trade union density, in the private corporate sector it is low. Ironically, the sharp decline in private dependent employment in the first decade was the most important factor that slowed down the tendency of overall decline in the unionization rate, due to the composition effect. The reduction of overall union density was accelerated with the expansion of private sector employment after the Great Recession. Since the second half of the past decade, apparently there has been the stabilisation of trade union membership in the private sector because of

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<sup>1</sup> Such associations in Serbia include Chamber of Commerce, Foreign Investors Council, National Alliance for Local Economic Development (NALED) etc.

the increase in employment in large foreign-owned manufacturing firms, where unions are more common than in domestically owned small and medium-sized companies.

There are two representative trade union confederations at national level - Confederation of Autonomous Trade Unions of Serbia (CATUS, Savez samostalnih sindikata Srbije, SSSS), and United Branch Trade Unions (UGS Nezavisnost). On the employers' organisations side the only representative association of employers at national level is the Serbian Association of Employers (Unija poslodavaca Srbije).

The criteria for representativeness are defined by the Labour Code. In the case of trade unions, to be considered as a representative in collective bargaining at least 15% of employees of the company must be members of the trade union. The main condition for union representativeness at the national level is that their membership must exceed 10% of total labour force. On the employers' side, the legal requirement for representativeness at the national level is that an employer organisation represents at least 10% of all registered employers and that these employers employ at least 15% of the total number of employees in the country. The representativeness of TUs (particularly at national and specific sectoral levels) is rather a result of an unobjectionable "recognition" than a real verification of data on regular basis. On the other hand, the representativeness - especially in terms of employees covered - of the Serbian Association of Employers (SAE) as a single representative employer organisation is frequently disputed, especially at sectoral level. Since SAE gathers mostly SMEs, it often faces troubles proving to have fulfilled a minimum employee coverage. Because of the SAE representativity issue, sectoral CAs in private sector are quite rare, and at the moment there are only two such agreements (in Construction and for pop artists (sic!) in the hospitality industry).

Collective bargaining in Serbia is present at all three levels, with varying degrees of importance and intensity. The national level of social dialogue is institutionalized within the remit of Social-Economic Council (SEC). It 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, the concertation is limited to setting the minimum wage and occasionally discussing other ongoing socioeconomic issues. The negotiations on the minimum wage are centralised and the decision on the minimum wage is binding for the whole economy.

Sectoral level is the dominant form of collective bargaining only in the public sector. According to the latest available data there are 14 sectoral CAs in this sector (SEC, available at: <http://www.socijalnoekonomskisavet.rs/>). On the employer side, the line ministries act as main negotiators in the public sector bargaining. In the private sector, there is decentralised collective bargaining. It occurs mostly in large unionised companies either foreign owned or locally owned privatised companies. Trade union activity is sporadic among SMEs and locally-owned *de novo* private firms.

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).

## Industrial relations in Banking & Finance and Metal sectors

According to the official data<sup>2</sup>, in 2023 registered employment in Banking and Finance was 43,680, while its share in total employment was 1.9%. With a virtually non-existent stock market, most workers are employed in private, mostly foreign-owned commercial banks and the National Bank of Serbia, while some work in insurance and other financial services. Collective bargaining in the Banking and Finance sector is conducted infrequently and exclusively at the company level.

While there are three associations representing the business interests in the sector, including Chamber of Commerce and Industry – Association of Financial Institutions, Association of Serbian Banks, and Serbian Association of Employers, only the last one is a recognized employers' association and may thus in principle participate in sectoral collective bargaining. However, no important employer in the sector is a member of SAE.

On the side of sectoral trade unions relevant to financial services, Republican Trade Union of Employees in Banks, Insurance Companies and other Financial Organisations of Serbia (BOFOS) has widespread activities and relatively big membership, yet it is not representative and thus not eligible to participate in sectoral collective bargaining. Apart from it, there is another sectoral trade union in banking and finance – Trade Union of Financial Organisations of Serbia (SFOS)<sup>3</sup>, yet its activities remain less visible than those of BOFOS. Trade union organisations at the sectoral level also do not see sectoral collective bargaining as a goal worth pursuing: *'We view the importance of sectoral collective bargaining in banks and financial services as inflated to a certain extent'* (#2RS)

Generally, the position of trade unions, both on sectoral level (BOFOS) as well as within companies (i.e. banks) is relatively weak. Trade union power continually deteriorated over the last decade, which also resulted in decreased collective bargaining coverage. Trade unions remained relatively strong only in the National Bank of Serbia (Serbian central bank), the two commercial banks owned by the Republic of Serbia, and in one foreign-owned commercial bank where the tradition of collective bargaining also stems from the period before privatization (#3RS).

Company level CBAs are more frequent in manufacturing industry (including Metal sector) than in services (including Banking and Finance) due to different sizes of the companies (metal

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<sup>2</sup> Statistical Office of the Republic of Serbia, CROSO data.

<sup>3</sup> Official web site available on <https://www.sfos.org.rs/> (accessed March 26<sup>th</sup>, 2025)

sector is dominated by big companies) and the nature of work engagement, because banking and finances typically offer higher salaries and better working conditions (#1RS).

Traditionally, manufacturing industry, including the metal sector has played an important role in the economy of the Republic of Serbia. The 2023 data suggest that over 2% of GDP was produced by three NACE-2 subsectors comprising the bulk of Metal sector in Serbia (Basic metals, Fabricated metal products, Motor vehicles and trailers (C25 and C29). However, the sector's contribution to the overall GDP declined in the past decade. Furthermore, in 2022 more than 5.8% of all registered workers were employed in Basic metals, Fabricated metal products, Motor vehicles and trailers. It also accounts for more than a quarter of total Manufacturing employment. In contrast to the shrinkage in contribution to the GDP, the number of registered employed nearly doubled in the past decade, from 78,000 to 131,000. The above-average growth of employment in the Metal sector in the last decade is largely the consequence of the sharp increase in foreign direct investment (FDI). The Metal sector in Serbia has become very attractive for the FDIs in late 2000s and throughout 2010s because of relatively low labour costs and high state subsidies. One recent study found that more than one-third of the country's FDIs during the 2016-2020 period went to the Metal sector. Additionally, over half of all newly created jobs by the FDIs in the same period are located in three sub-sectors of Metal industry (Arandarenko et al 2021).

Trade unions in Metal sector are traditionally among the strongest and most visible unions in Serbia, frequently engaging in industrial actions since the late 1980s. Two nationally representative confederations have strong sectoral organisations – Autonomous Metalworkers' Union of Serbia, and Metalworkers' Branch Union 'Nezavisnost'. Besides, there are two other important union confederations active in the sector – Association of Free and Independent Trade Unions (AFITU) and Industrial Trade Union (ITU).

Despite the long-standing presence of trade unions in the Serbian metal sector, there are no multi-employer collective agreements. The last Metal sector agreement was negotiated in 2011 (available at <http://www.iio.org.rs>). It became ineffective after the enactment of the revised Labour Code in 2014. The revisions restricted the so-called 'extended enforcement' of sectoral collective agreements only to cases where employer organisation covers more than 50% of employees in the sector. This change made most extensions of collective agreements in the private sector unenforceable, as employer organisations do not meet this criterion.

### **3. National and sectoral level interactions and trust**

In this section aspects of trust at national and sectoral level are analysed. In Serbia, level of trust among social partners is higher at national than at sectoral level. We find that this is largely because institutionalized power relations - defined as the legally and organizationally reinforced distribution of bargaining capacity among labour, capital, and the state – have been stable over a prolonged period, while there has been a relatively recent shift in these power relations at sectoral level. The changes in legal mandate for the adoption sectoral collective agreements has negatively affected collective bargaining coverage and the

organizational coherence of employer associations, disrupting the development of trust relations based on institutionalized power relations.

## Brief historical context

Unlike in well-established Western capitalist democracies, Serbian social partners in general as well as in both Banking & Finance and Metal have undergone several almost tectonic transformations since the first and most decisive among them, the establishment of pluralistic industrial relations in early 1990s. While a single trade union organisation, conceived as a transmission of the ruling Communist Alliance, did exist before 1990, there was no employer association. At the time of introduction of multi-party system in 1990, its role was by law assigned to Serbian Chamber of Commerce, probably the only feasible choice while attempting to build capitalism before having capitalists. A bit earlier, several independent trade unions were formed by the modernist fractions within the old confederation. Until 2001 the transition to a market economy and specifically the process of privatization unfolded very slowly and irregularly, causing some social scientists to call that period 'blocked transformation' (Lazić 2014). In the conditions of international sanctions, hyperinflation and war, industrial relations were rather chaotic, and their main actors were immersed in political and existential struggles and societal cleavages rather than in the orderly processes of collective bargaining (Arandarenko 1998).

After the regime change in October 2000 the process of transformation was de-blocked. The role of new trade unions increased, although the transformed old trade union confederation still had more members. Instead of fully using the short-lived window of political opportunity, the new trade unions continued with their fragmentation. Most importantly, at the advice from the ILO, the Serbian Chamber of Commerce (PKS) was no longer considered an employers' association. Instead, the Serbian Employers' Association, a grassroots organisation of small domestic employers established during 1990s, gained international and eventually national recognition as the only employers' association meeting the ILO criteria of freedom of association, independence and capacity for social dialogue (per ILO convention on Freedom of Association and Protection of the Right to Organise Convention). As put by one interviewee: *'The whole idea of social dialogue is based on voluntarism, and thus organisation with mandatory memberships are typically not eligible to participate in collective bargaining'* (#1RS).

There were several waves of privatization. In the first two waves, during the 1990s, it was carried out mostly via management employee buyouts. The third wave was carried out in 2000s as sales privatization, with tender procedures applied for large firms and auctions for small and medium firms. Besides, the policy of attracting foreign direct investment with relatively aggressive incentives, mainly through various forms of the state subsidies, has been applied since mid-2000s, first dominantly in sectors such as Banking and Finance, communication services, and later, with the push toward reindustrialization after 2008, in manufacturing, including Metal sector.



The period after 2000 was characterized by the strong deterioration of labour market situation until about 2012 and reductions in individual and collective workers' rights. A significant neo-liberal and pro-business changes in labour legislation in 2001 were followed by a slight correction in favour of labour in 2005. However, the changes of Labour Law in 2014 erased these temporary gains, and cut both individual and collective labour rights across the board, on the pretext of a need to fight unemployment and bring in foreign investment.

This historical summary, far from being complete, is important because it underlines the features of economic and labour market hardship, political instability, unpredictability and institutional temporariness under which the key actors of industrial relations operated in the past several decades. These conditions have largely had destabilizing effects on building and maintaining trust in industrial relations.

### Characterizing national and/or sectoral level interactions and trust

Mutual trust is perceived as essential for functioning of national and sectoral-level industrial relations. The level of mutual trust among national partners varies over time, but based on inputs from some of our interviewees the relationships are generally more trustful in good times. This has been reportedly the case in recent years, given the gradual but steady improvement in the labour market and living standard of the population.

For example, after the completion of fiscal consolidation programme carried out between 2015 and 2018, marked by the reduction in public sector wages and depressed minimum wage, the Government started to pursue a more balanced economic policy, allowing the minimum wage increases in real terms. Independently, increased attractiveness of Serbia for FDI and significant reduction in working age population contributed to the tightening of the labour market. More recently, the Government set ambitious goals for the average net wage to reach EUR 1000 by 2025 and EUR 1400 by 2027 – which clearly cannot be met with disapproval by trade unions.

However, such trust seems to be superficial, stemming merely from overlapping interests, rather than from better common understanding and shared values (#10RS). A less critical view of this 'good-times trust' hypothesis would be that trust arises from mutual respect, and this respect comes from more balanced power relations, with two representative trade union confederations stabilizing their membership and taming their conflicts in the much tighter labour market than 10 or 20 years ago.

An alternative and more favourable view would be that the relative stability of institutional set-up of national collective bargaining and repeated interactions among a limited number of key stakeholders have resulted in increased mutual trust. For example, the structure and remit of SEC has remained the same for more than 20 years, and so were the key institutional actors of tripartism – two representative TU confederations, one employer association, and government representatives. National-level Socio-economic Council comprises of representatives of the Government (6 members), Serbian Association of Employers (6



members) and two trade union confederations (4+2 members). Government is the strongest partner and according to polls most trusted by the public (even when unpopular). Even at the personal level, some actors among trade unionists and employer representatives are the same as 20 years ago.

Repeated and relatively regular interactions and meetings of the SEC, involvement of SEC in international cooperation, participation of social partners in global tripartite events such as annual ILO conferences, peer learning, and similar forms of common activities, have created not only the relational, interpersonal trust, but also possibly the common ideological ground (in Dunlopian sense) and contributed to the stabilisation of national-level interest concertation within the limited scope allocated by law. This stability and relative regularity of interactions should be assessed as favourable for both institutional and personal trust-building.

On the other hand, there is a history of conflict and low trust between employer association and representative trade union confederations (e.g. in questioning other side's representativeness) and similar conflictual relationships among trade union confederations (both representative and non-representative nationally). While the issue of 'true numbers' wouldn't be a major problem in a more trustful and less conflictual environment, it is often brought up not only between established and 'contestant' trade unions (those whose representativeness at national and other bargaining levels is not recognized), but also among representative unions and also between representative unions and SAE. Such claims create further conflicts and distrust among trade unions and union confederations, but also between them and employers and/or their representative organisations involved in social dialogues and collective bargaining. Still, they are being routinely brought up by various social partners: 'There is a problem with data, official statistics, we do not have up-to-date numbers of employees with the right to bargain, trade union members, and other specific data.' (#1RS).

The 'data problem' and its persistence and vagueness is typical of the systemic, or institutionally produced, sources of distrust among social partners. It is especially complicated at the national level, because it is unclear (not stipulated) what categories of workers can be counted toward the representativeness of trade unions, and also what should be the proper denominator. For example, according to current rules, only TU members with employment contracts should be counted toward representativeness, thus excluding those on service and temp contracts, self-employed, apprentices, unemployed members and the like. However, at least some of these categories do appear as the part of the denominator – not only in labour force statistics, but also in administrative records – thus effectively raising the representativeness bar.

The revisions of Labour Code in 2014 restricted the so-called 'extended enforcement' of sectoral collective agreements only to cases where employer organisation covers more than 50% of employees. This change made most sectoral collective agreements in private sector unenforceable as SAE membership does not cover enough private sector employees to secure automatic enforcement in these sectors.

The legal threshold of 51% of all employers and employees for the extended enforcement of sectoral CBAs is elusive, the more so because the official classification of occupation is not adjusted to the real situation in the economy (#1RS).

Before the practical annihilation of the possibility of extension of a sectoral CA, it was tacitly understood that SAE could negotiate sectoral agreements on behalf of employers in the sector even without having them as members, as long as these employers were not actively against the SAE' engagement and the Ministry of Labour was ready to extend the CA to all employers and employees in the sector. This 'implicit recognition' was institutionally erased by the Labour Law changes in 2014, resulting in the deterioration of relations between sectoral trade unions and SAE, because several agreed sectoral CAs could not be implemented and approved due to the acute lack of representativeness of SAE. Furthermore, the SAE was disempowered in its relations with non-member employers in the private sector. This resulted in loss of trust into capability of SAE to deliver binding collective agreements at sectoral level. This is one important example how cross-actor trust at the sectoral level tends to be hampered by institutionally induced actions. It was the Government that was behind the last change in rules governing the extension of collective agreements. It undermined the legitimacy of SAE at sectoral level in most branches dominated by private sector.

As a result, trade unions have strong doubts in capacity of SAE to enforce the agreements signed by its sectoral representatives. SAE's willingness to negotiate without being able to achieve legally required representativeness is perceived by unions as self-serving behaviour and waste of their time and energy (#RS11).

Despite the long-standing presence of trade unions in the Serbian Metal sector, there is no sectoral or sub-sectoral level collective agreement. The last sectoral level collective agreement in Metal sector was negotiated in 2011 (available at <http://www.iio.org.rs>). As mentioned, such an extension is now possible only if signatory employers employ more than 50% of the workforce in the sector. In almost all private sector industries, the SAE membership is well below this very high threshold. Our interviewees from Metal sector (#9RS) recall the difficulties in negotiating the last sectoral agreement in 2011 with SAE, because major employers were not interested in concluding such an agreement. They readily admit that it was understood from the beginning that the Labour Minister's intervention in the form of extension of CA was needed, but this did not help much in either building trust with the sectoral representatives of SAE or in improving trustful relations with employers at local level who were forced to accept the contract they did not participate in negotiating. As described, it was not possible to re-negotiate it after 2014 because of practical impossibility of CA extension.

There is also no sectoral CBA in Banking & Finance. Moreover, no particular initiatives toward sectoral bargaining have ever been reported, regardless of legal possibilities or constraints. Both sides, i.e. employers and trade unions have not shown specific interest in sectoral collective bargaining. *Importance of sectoral level collective bargaining in banks and financial institutions may be viewed as inflated to certain extent (#2RS).*

At national and sectoral level, the relations between social partners in Serbia have faced various challenges, stemming from turbulent social, economic and political environment over the last three decades. This has resulted in rather conflicting relations among the social partners representing different parties in the social dialogue, particularly between trade unions at one side and the state and employers at the other side. However, various political cleavages and unresolved issues of trade union property and representativeness have also resulted in raising competitiveness among trade unions, bordering sometimes to hostility, as well as broadening distrust and cleavages, such as between 'old' (former communist) and 'new' trade unions, or between 'established' (nationally representative, one 'old' and one 'new') and 'aspiring' trade unions, as well among 'new' unions themselves. At some critical points, the entire industrial relations space might resemble the Hobessian 'war of all against all'.

There is also an interesting aspect of within-actor trust, best explored via interviews with union representatives at national and sectoral level in Metal sector. Within a nationally representative trade union styled exclusively as branch (sectoral) confederation, trust between national-level and sectoral-level union actors is high. This trust comes from common experience of most sectoral leaders going back to 1990s, as members of alternative trade union movement ('forged in battle', #RS9). There have been several leadership splits in the meantime resulting in formation of alternative unions. This means that bonds among current leaders have been tested many times. On the other hand, another ('conventional') TU confederation has high trust level between national and sectoral level actors, but it is more of a standard 'business-like' type, built through institutionalized collegial relationships and dedication to a common goal (#RS11).

## 4. Local level interactions and trust

### Varieties of local interactions and impact on trust

It is not surprising that in a relatively disfigured and decentralized system of industrial relations, trust at national, sectoral and local level are not as highly correlated as could be expected in a more stable system. In Serbia, while national and sectoral level institutions and relations at higher levels do have some impact on local-level trust-building, they are not typically seen as preconditions or essential for it. The generalized lack of sectoral bargaining outside of public sector is possibly the main reason for such inconsistencies.

Besides, turbulent history of transition and privatization in Serbia has created a variable landscape of local-level industrial relations. From the standpoint of trust relations between local actors, it is useful to distinguish between at least two types of local level employers – 'old' and 'new'. Among old employers, our sample included the management representatives of a public institution in Banking and Finance sector, and a privately-owned firm in Metal sector, privatized early in the transition process in the management employee buyout. On

the other hand, new employers in both sectors included foreign-owned firms operating some 10+ years in Serbia.

Larger FDI firms, especially in Metal sector, where unions frequently manage to organise at the local level, tend to protect their interests as employers by circumventing SAE, having their own organisation, Foreign Investment Council, mostly engaged in lobbying for pro-business changes in legislation, and enjoying direct access to central and local governments.

Furthermore, the dynamics of negotiations at local levels is often depersonalized, especially in foreign owned firms, where managers tend to 'hide' behind headquarter decisions in their relations with unions.

There is an important personality factor in trust building, serving as a substitute for stable institutions and procedures. From the union perspective, the bar is set relatively low – negotiators who are respectful of unions, “correct” (not bullying or aggressive), and do not breach the agreements are considered trustful (#11RS).

Based on insights from Metal sector, there is somewhat less trust between sectoral and company level trade unions in both confederations. Mechanically, this could be due to a larger number of actors at local level. In the 'branch' Metalworkers' confederation, exclusivist ideology of branch leaders is not always shared by more opportunistic company-level TU representatives, which sometimes creates tensions. In 'conventional' confederation, the trust issues are more related to the organisational and coordination problems typical for large, decentralized organisations.

In accordance with the general idea that mutual trust is built in repeated interactions and on solid and stable institutional foundations transcending individual experiences, trust appears to be higher in the 'old-employer' setting, even if there is a relatively new negotiating partner on the trade union side (#13RS).

In all cases, the role of HR management strategies is important and at least complementary to the role of employer bargaining strategies. As one employer representative put it:

We take care of employee satisfaction, we have various benefits for our employees - a solidarity fund, benefits for parents, we measure satisfaction based on predefined factors, and it turned out that the key factor with which employees are satisfied is cooperation with management, and this is certainly the basis of building trust. (#8RS).

Such attitude is echoed by an employer representative in Metal sector, similarly praising the advantages of orderly company-level union-employer dialogue:

Now that we have a union, we as company managers now have the opportunity to hear the voices of our workers, to better understand their needs and make better working conditions collaboratively. In the previous period, we had constructive meetings, the directors reacted at the request of the union, addressing the employee demands, providing information about the future projects which has been achieved through regular meetings, apart from the collective bargaining and collective agreements. (#5RS)

Nevertheless, comparing interview accounts from Metal sector and Banking & Finance sector, it becomes apparent that they represent two distinctive cultures of labour relations at the local level. In Metal sector, local interactions are typically characterised by respondents as 'correct', 'business-like', 'at a distance', 'without warmth' (#9RS). While there is a recognition of legitimate interests of other party, cross-actor trust at local level is always conditional, and never getting close to a harmonious approach to industrial relations: 'They want to cut costs, we want to see our wages higher, but we need to find a compromise' (#11RS). Past experience and personality traits of key partners, such as 'correctness' and 'keeping one's word' have been singled out as the most important factors for trustful / distrustful relations at the local level. Mutual trust at local level is perceived as important but is largely lacking, in accordance with conflictual model of industrial relations.

Legal and institutional framework for collective bargaining appears to be important at the local level in a similar, albeit somewhat less decisive way compared with the higher negotiation levels. For example, the revisions of Labour Law in 2014 also undermined collective agreements at the company level since the regulator had prescribed that all collective agreements in force when the new law was passed would become ineffective within a six-month period (Reljanović, Ružić, Petrović 2016). Diminishing bargaining power of trade unions particularly in the companies with weak unionisation has resulted in further deterioration of unionisation at company levels, leaving employees without CAs, while in those companies with traditionally stronger trade unions it has led to development of distrust and conflictual relationships between two sides in collective bargaining.

According to some views it has contributed to change in power among the two sides in favour of employers and establishment of a new business environment more hostile toward trade unions:

The entire business landscape in Serbia has become a bit strange. Still, at company level, it all depends on the director; as they change, so do the relationships. Earlier, we agreed, we had meetings as needed. But, now when they want to implement a new work process, we are not present. Now, the employers meet and agree among themselves within their business club and they simply decide not to increase salaries for anyone. (#4RS)

## The rise of individualisation and decline in trust

In Banking and Finance sector, HR strategies tend to be more important compared to the classical bargaining interactions, to the extent that collective agreements have become redundant or soon might become redundant. As one informant put it:

I believe that we are moving towards abolishing collective agreements and having individual contracts instead. This means that workers will be called in, and everything will be individually negotiated. Workers will soon become even more distrustful of unionisation. (#4RS).

In local setting where this is already the case, however, the trade union representatives do not appear to be concerned and sometimes readily embrace cooperative approach:



We have an excellent Rulebook, with provisions better than any possible CA we could negotiate. Thus, we negotiate new perks for employees by suggesting amendments to the Rulebook rather than initiating the adoption of CA. (#13RS).

It should be noted that union representatives at sectoral level perceive individualization of CAs at local level as a more damaging trend than local union leaders themselves.

The attitudes of employers toward the desirability of institutionalized collective bargaining are very diverse. They go from statements such as, 'If employees were to form a union, I would immediately leave the business' (personal discussion with an owner of a medium-sized firm in the Banking & Finance sector) to some large foreign-owned firms nudging their employees to form a union because they are used to working in collective bargaining frameworks.

The representativeness issues on national and sectoral level mentioned before are further replicated on the company level. Various trade unions in companies compete for membership thus trying to achieve the threshold of 15% of all employees, granting them the right to bargain. However, many local employers in private sector remain highly hostile toward unionisation. Among other, this reflects in fostering individual targets and individual achievements rather than collective, creating atmosphere which promotes competition among employees, and in which individual excellence is praised at the expense of mutual trust.

Such an atmosphere is also typically characterised by limited information sharing among individual employees or groups of workers which further contributes to raising distrust and lack of collaboration. This is particularly typical for Banking and Finance sector, in which individual agreements already overshadow collective bargaining. However, similar trend is ongoing in Metal sector:

I believe the direction is moving towards abolishing collective agreements and having individual contracts instead. This means that workers will be called in, and everything will be individually negotiated. Workers will soon become even more distrustful of unionisation. (#4RS)

Trade union members in Banking & Finance are mainly employees with longer work experience, while younger employees, as in other sectors, generally refrain from unionization. Consequently, along with an increasingly competitive labour market primarily regarding the supply side, individual work agreements overshadow collective bargaining in a number of commercial banks. Inflation of managerial positions and job titles as HR strategy to facilitate salary discrimination within the legal framework is also a matter for concern. In such cases, better negotiation power of young graduates and professionals stemming from tightened labour market, leads to growing inequality among company employees. Banks encourage employees to sign individual contracts, thereby demotivating employees to be union members. There are testimonies about blackmail and signing blank resignations. Along with it, younger generations are typically not aware of the necessity of protection of collective rights in addition to individual agreements. (#2SE)

Apart from distrust between the social partners as well as among various trade unions, the distrust has also arisen among employees at company levels. Distrust among individual employees is particularly pronounced in Banking and Finance, where trade unions are weak, and employees convinced and/or even forced to sign disputable individual contracts: ‘

Banks encourage employees to sign individual contracts, thereby demotivating employees to be union members. Employees are thus assigned individual targets, which increases competition to the point of hostility among employees, who now do not shy away from taking over clients from one another. (#2RS)

## 5 Conclusions

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 organisations, on the one hand and the state, on the other hand, is much more pronounced in Serbia.

This study deals with the issues of trust in industrial relations at various levels in Serbia as a country that in the past three and a half decades underwent an uneven and turbulent transition from a socialist to a capitalist market economy. This transition was carried out in an unstable political, economic and institutional environment, with frequent changes in labour legislation which have in general tended to reduce the potential for social dialogue and collective bargaining, especially at higher (national and sectoral) levels of industrial relations. Given such unstable conditions, the most desirable institutional and long-standing depersonalized bases of trust between employer organisations and trade unions have been largely lacking. Furthermore, as a clear sign of atomization of industrial relations, the study has identified some levels of distrust among competing trade union at national and sectoral levels, and even some trust issues between sectoral and local levels within the trade union confederations.

This does not mean that trust is not present in industrial relations in Serbia. Almost all interviewees from the ranks of EO or TU acknowledge the importance and positive impact of trust and claim to strive to achieve trustful and respectful relationships with their social partners, and most claim to have achieved such relations, at least to some degree. However, the antecedents of trust are variable across levels and sectors, and the variability would be even larger had we included more sectors and firms. While some of presumably trustful relationships stem from the interactions inherent to the dialogue between autonomous parties recognizing both their common and conflicting interests, others, especially those at the local level, come from the different paradigms. These paradigms include unitary theory of industrial relations, downplaying conflict and insisting on social partners' common goals, as well as human relations approach, emphasizing the role of human resource management techniques in overcoming potential conflicts and creating team spirit and overall satisfaction in labour relations.



At different levels of industrial relations, the sources and levels of trust seem to be to some extent different. At national level, the institutional setup and the actors involved have not changed for over 20 years. Even at the personal level, some actors among trade unionists and employer representatives are the same as 20 years ago. Repeated and relatively regular interactions and meetings, international cooperation, participation in global tripartite events, peer learning, and similar forms of common activities, have all created the common ideological ground (in Dunlopian sense) and contributed to the stabilisation of national-level interest concertation within the limited scope allocated by law. This stability and relative regularity of interactions should be assessed as favourable for both institutional and personal trust-building. Another source of the increase in mutual trust reported by some interlocutors might also come from changing and more balanced power relations, with two representative trade union confederations stabilizing their membership and taming their conflicts in the much tighter labour market than 10 or 20 years ago.

At sectoral level, the situation is more difficult and prospects for trust-building remain weak. In this case, legislative changes inspired by the neoliberal agenda hostile toward higher-level, and especially industry-wide bargaining, have played a major role. Most notably, the labour law changes in 2014 made it more difficult (and for all practical purposes impossible) to extend the sectoral agreements to non-signatory employers, effectively blocking the possibility to conclude sectoral CA as the main vehicle of building trust at that level.

While the lack of a reliable representative partner at the employer side is the main source of trade unions' frustration in Metal sector, in Banking and Finance it seems that there is not much interest on either side in concluding sectoral CA. The main sectoral trade union has apparently adopted the cooperative stance consistent with the unitary and human resources approaches to industrial relations and have given up efforts to work toward the conclusion of sectoral CA.

At local level, trust relations between employers and TUs are difficult to generalize, since various factors on both sides can be at play. Trust expectedly tends to increase with the duration of relations. In the absence of institutionalized patterns of communication and negotiation, which is still an exception rather than a rule, personal traits enabling trustful relations between the partners in industrial relations remain very important.

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