



Eurofound

Serbia: Industrial relations profile

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Area: 88,361 square kilometres (excluding Kosovo)

Population: 7,120,666 (excluding Kosovo) according to the 2011 population census

Language: Serbian

Capital: Belgrade

Currency: Dinar (RSD) (€1 = RSD 96.92 as at 27 May 2011)

Economic background

	Serbia	EU27
GDP per capita (in purchasing power standards, index: EU27=100)	38 (2009)	100
Real GDP growth (% change on previous year) (annual average 2006–2009)	3.6%	0.62%
Inflation rate (annual average 2006–2009)	9.9%	2.12%
Average monthly labour costs, in €	€554 (2009)	€3,028 (2007)
Gross annual earnings, in €	€5,581 (2009)	€31,302 (2006)
Gender pay gap (difference between average earnings of male and female employees as percentage of earnings of male employees)	3.5% (2009)	17.6% (2007)
Employment rate (15–64 years)	47.1% (2010) 45.46% (2011)	64.6% (2009)
Female employment rate (15–64 years) (2009)	38.78% (2011)	58.6% (2009)
Unemployment rate (15–64 years) (2009)	22.9% (2011)	8.9% (2009)
Monthly minimum wage	€160 net*	n.a.

Sources: Eurostat, Republic of Serbia Statistical Office and Wikipedia (indicator marked with *)

Industrial relations, pay and working time

	Serbia	EU27
Trade union density (%) (2010) (trade union members as percentage of all employees in dependent employment)	35%	n.a.
Employer organisation density (%) (2010) (percentage of employees employed by companies that are members of an employer organisation)	30%	n.a.
Collective bargaining coverage (%) (2010) (percentage of employees covered by collective agreements)	55%	n.a.
Number of working days lost through industrial action per 1,000 employees (annual average 2006–2009)	No data	31.78 days (estimate)
Collectively agreed pay increase (%) (annual average 2008–2009)	16% (nominal)	4.6% (not weighted)
Actual pay increase (%) (annual average 2008–2009)	5.4%	1.7% (not weighted)
Collectively agreed weekly working hours (2009)	40	38.7 hours (not weighted)
Actual weekly working hours	40	39.3 hours (not weighted)

Sources: Eurostat, Eurofound

Background

Economic context

For Serbia the first decade of the twenty-first century, following the change to a democratic regime in October 2000, was marked by the transition to a market economy, privatisation and restructuring. Serbia experienced strong economic growth between 2001 and 2008, on average above 5% annually. However, the growth was demand-driven, fuelled by privatisation proceeds and imports, and its long-term non-sustainability became apparent with the advent of the economic crisis in late 2008. In 2009, negative GDP growth of 3% was recorded, and the recovery in 2010 and 2011 was very slow.

Trends in employment, on the other hand, have shown significant and continuous worsening since 2000, both as a result of inherited over-employment and as a consequence of the chosen transition strategy, which did not pay enough attention to fostering employment and optimising the speed of restructuring; instead permitting almost uncontrolled de-industrialisation. As a result, total employment in 2010 was only 70% of that in 2001, while unemployment and inactivity increased significantly.

Legal context

Industrial relations are regulated by the comprehensive body of labour legislation, the pillar of which is the Labour Code, adopted in 2005. Laws including the Law on the Social and Economic Council, the Law on Employment and Insurance in case of unemployment, the Law on Health and Safety at Work, the Law on Pension and Disability Insurance and the Law on Social Security Contributions complete the legal context relevant for labour and industrial relations. Almost the entire body of labour legislation has been rewritten since 2001 in order to support the transition to a market economy, but also with a view to complying with the relevant requirements and regulations of European Union and standards of the International Labour Organization.

The Labour Code provides detailed regulation regarding collective bargaining, trade unions and employers' organisations. Freedom of organisation is guaranteed by the law, and industrial relations actors are defined as autonomous, democratic and independent organisations formed with the aim of pursuing the genuine goals of their respective members.

Historically, industrial relations in Serbia have been marked by top-to-bottom development. They were 'introduced' in 1990, when union pluralism was allowed and the traditional, communist-type Chamber of Commerce was given the additional role of an employers' organisation (Arandarenko, 1998). More recently, despite the consolidation of several nationwide union confederations and employers' organisations, and despite the shift towards sectoral and company-level bargaining over pay and working conditions, the role of central bodies of industrial relations actors has remained the most important. This is even more pronounced given the dominant role of the government in tripartite negotiations; on account of diminishing union strength in recent years, as well as the existence of a single representative and relatively weak employers' organisation, only the legitimacy of government has remained undisputed. On the trade union scene there is a secular trend towards a gradual weakening of overall union strength and density, especially in the private sector. Since 2001 the only representative employers' organisation has been the Serbian Association of Employers; however, it has been weakened by repeated internal strife and other problems.

In general, the asymmetry in power and legitimacy of the industrial relations actors makes it very difficult to coordinate industrial relations effectively. This is also why it has never been possible to conclude a full-blown tripartite agreement in the form of a social pact, despite repeated attempts to do so.

Main actors

Trade unions

Trade union density

As in other former communist countries, trade union density until 1990 was close to 100%, since it was effectively mandatory for all employees. Since then, and especially since 2000, there has been a permanent trend of decline in trade union density. Paradoxically, the only factor which has significantly slowed down this trend has been the dramatic fall in private dependent employment. In other words, trade union density remains high in the public sector and is low in the private corporate sector. It is estimated at over 60% in the public sector and below 20% in the private sector, with an overall density rate at around 35% (Arandarenko, 2011)

Main trade union organisations

The two most relevant trade union confederations currently recognised as representative on the national level are the Confederation of Autonomous Trade Unions of Serbia (**CATUS**, Savez samostalnih sindikata Srbije, SSSS) and the United Branch Trade Unions (**UGS Nezavisnost**), both of which participate in the Social and Economic Council at the national level. Apart from them, the most prominent trade union confederations that are currently struggling for national representative status are the Association of Free and Independent Trade Unions (Asocijacija slobodnih i nezavisnih sindikata, **AFITU**) and the Confederation of Free Trade Unions ((Konfederacija slobodnih sindikata, **CFTU**), whose representativeness at the national level ought to be verified in the near future.

CATUS is the oldest trade union. It was the only recognised union confederation during communism and is still the most powerful one, claiming a membership of 850,000 (80% of which are due-paying members). However, actual numbers are much lower. According to some estimates, it might have up to 450,000 members, of whom around 60% pay union dues (Arandarenko, 2011, based on CESID survey, 2010). CATUS is a member of the ITUC (International Trade Union Confederation) and PERC (Pan-European Regional Council) and is an observer in the ETUC (European Trade Union Confederation). Corresponding branch unions of CATUS are also members of the European Federation of Metalworkers, the International Federation of Metalworkers, BWI (Building and Wood Workers International), Eurofedop (European Federation of Public Service Employees), EPSU (European Federation of Public Service Unions) and PSI (Public Services International).

UGS Nezavisnost is, apart from CATUS, the only other confederation with recognised representativeness on the national tripartite body, the Social and Economic Council. However, its membership is declining from a peak of over 200,000 in about 2004, and was recently estimated at around 120,000 (CESID, 2010; Arandarenko, 2011). UGS Nezavisnost is a member of the ITUC (International Trade Union Confederation) and PERC (Pan-European Regional Council) and is an observer in the ETUC (European Trade Union Confederation).

The CFTU was established in 2005 and its members are mostly unions from the public sector. It claims a membership of 200,000, and is making efforts to gain national representativeness and international recognition. Since public sector employment is the most privileged and the only stable type of employment in the country, the CFTU is the only confederation that has been able to preserve membership and financial stability during the past five years.

The AFITU was established in 1996, after splitting with the UGS Nezavisnost. This confederation reached its peak in the period following the democratic change in 2000, after its then president became Minister of Labour. However, after 2004 the AFITU lost its representativeness and has since struggled to regain it.

Trends in trade union development

On the trade union side there have been no mergers between confederations and no new confederations have appeared at the national level since 2008; the main focus in the past few years has been the struggle for representativeness at the national level. All trade unions have lost membership due to the layoffs caused by the economic crisis, there have been changes in the leadership of some of the main confederations and the dominant issue at the national level, closely linked to the struggle for representativeness, has been the participation of trade unions in collective bargaining. The difficulties faced by unions are demonstrated by the fact that it took three years of negotiation before the first branch collective agreement outside the public sector could be signed in December 2010. In a related development, one trade union confederation recently blocked the functioning of the Social and Economic Council for six months, in order to put pressure on the other partners to sign branch collective agreements. Last but not the least, any official form of mutual recognition of the representativeness of trade unions is still not forthcoming; instead there are ongoing disputes over the overall relevance of trade unions.

There is some evidence that the trade union scene is becoming more fragmented. According to one survey (CESID, 2010) around 30% of all union members are outside of three largest confederations, which might signal the relative weakening of traditional confederations and the rise of smaller, local unions. This development probably reflects the dissatisfaction of employees at the local level with traditionally dominant confederations and their bureaucratized headquarters.

The issue of representativeness causes considerable friction both among the unions and in their relations with other social partners. The Labour Code stipulates that the Labour Minister confirms the representativeness of unions at the national level at the proposal of a tripartite commission, and the required minimum is that the union concerned must represent 15% of the total number of employees in the country. This is a rather tall order, since apart from conventional employment this definition also includes sole-proprietorships and their employees – and union membership outside the corporate sector is virtually non-existent. While in 2010 there were fewer than 1,400,000 workers in conventional dependent employment, there were at least 450,000 more self-employed workers and their employees.

Employer organisations

By far the most relevant employer organisation in the recent period has been the Serbian Association of Employers (Unija poslodavaca Srbije, **SAE**), which remains the only representative employer organisation at the national level in Serbia and as such belongs to the International Organisation of Employers (IOE) as a full member. It is also a member of the following international organisations:

- BusinessEurope;
- the Union of Black Sea and Caspian Confederation of Enterprises (UBCCE);
- the Union of Mediterranean Confederation of Enterprises (BusinessMed);
- the Adriatic Regional Employers' Center (AREC).

In mid-2008 the SAE saw a major upheaval (the third since 2003), which resulted in the creation of the Association of Small and Medium-sized Entrepreneurs (Asocijacija malih i srednjih preduzeca, **ASME**), formed by breakaway members of the SAE. The ASME has repeatedly disputed the representativeness of the SAE and invested considerable time and energy trying to obtain representative status itself, but these attempts have so far not succeeded.

In 2010 another employer organisation was registered at the national level, known as Poslodavac (Employer) and led by one of the most prominent business leaders in Serbia, Miodrag Kostic. This employer organisation was openly supported by the Chamber of Commerce of Belgrade.

However, up to this point the SAE remains the only employer organisation at the national level in Serbia that actively operates and provides services to its membership in return for their membership fees. The remaining two employer organisations do not collect membership fees and their membership is free of charge.

As in the case of trade unions, mutual recognition of representativeness among the employer organisations has not even been attempted in the past, whereas the SAE has been making efforts to retain its representativeness. The legitimacy of the SAE is disputed by its rivals but also sometimes by other social partners on the grounds that its representativeness is questionable. The legal requirement for representativeness at the national level is that an employer organisation 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.

In 2011 the International Organisation of Employers and the International Labour Organization jointly warned the Serbia government against excessive involvement in the functioning of employer organisations in Serbia, after the repeated collaboration of the Chambers of Commerce of Serbia and Belgrade with newly established employer organisations.

The SAE is the only employer organisation involved in collective bargaining and recently it signed the branch collective agreements in the construction sector and in agriculture, although its presence and membership in those two branches are rather low.

Industrial relations

Collective bargaining

The most important levels of collective bargaining for the setting of pay are different for public and private sectors – in the public sector it is intermediate (sectoral) level, while in the private sector bargaining is largely decentralised (branch agreements exist in only two sectors) and far from universal. Determination of the minimum wage is fully centralised, within the Social and Economic Council, and the minimum wage is binding for the whole economy, including sole-proprietorships and employees outside the corporate sector.

Working time is largely determined centrally. The Labour Code and general collective agreement are primary sources of general rules regarding working time, while sectoral collective agreements in the public sector may contain branch-specific regulations concerning working time, depending on working conditions.

The entire public sector (approximately one-third of total dependent employment) has nearly full coverage of sectoral agreements. Only two branches in the private sector (agriculture and construction) have branch agreements, but with incomplete coverage. Also, there are some company-level agreements in the private sector. Therefore, the coverage rate of collective agreements (apart from the expired and never fully implemented general collective agreement) can be estimated at slightly over 50%.

Collective agreements are in principle voluntary instruments. However, according to the Labour Code, collective agreements can be extended by the decision of the Minister of Labour and Social Policy to all relevant entities at the national or branch level.

It is possible to extend the general collective agreement's regulations by ministerial decree, and this right was exercised by the Minister of Labour in November 2008 when the general collective agreement was extended to the entire economy of Serbia. It was, however, immediately (and indefinitely) suspended when the government calculated that state-owned companies and institutions would not be able to afford the economic implications of the agreement, which included an

average increase in labour costs of about 10% because of the re-introduction of mandatory fringe benefits, such as meal and holiday allowances.

At the branch level, both collective agreements that were recently signed (in construction and in agriculture) had a clause stipulating that they would only become valid once the Minister decided on their extended application, so the decision of the Minister had to be awaited in order to make the agreements applicable in the first place. In general, there are few instruments to monitor and enforce the implementation of collective agreements; therefore even extending them by a decree does not guarantee that all their terms will be applied in practice.

There are no other institutionalised voluntary mechanisms of extending the terms of collective agreements.

The Social and Economic Council is in charge of negotiating and adopting the general collective agreement and minimum wage determination every six months (consensus is needed, however, otherwise the Minister of Labour makes a decision).

Judging by the collective agreements signed, the main trends with regard to collective bargaining are differentiated – in the public sector, there is a tendency for sectoral negotiations, while in the private sector decentralised, company-level bargaining is more common. However, throughout the country the involvement of union and employer organisation leadership remains high at all levels, including company levels.

The actual mechanism of collective bargaining is still very centralised, whereby the heads of all organisations represented at the Social and Economic Council (two trade unions, the Serbian Association of Employers and the Ministry of Labour, due to the Minister’s role in providing extended application) are heavily involved in collective bargaining, even though it mostly takes place on the branch level. Wage bargaining is still predominantly a matter of centralised talks between the representatives of the government and the trade unions, whereas wage bargaining in the private sector takes place mostly in larger, foreign-owned privatised companies.

Levels of collective bargaining summarised

	National (intersectoral)	Sectoral	Company
Principal or dominant level	✓		
Important but not dominant		✓	
Weak level			✓

The national level of collective bargaining remains de facto the most important, despite the fact that general collective agreement concluded in 2008 has been of little practical importance and it actually expired in May 2011. Its importance stems from the institutions, such as the Social and Economic Council, and equally important, from the involvement of central bodies of national industrial relations actors in sectoral and sometimes even company-level bargaining.

Sectoral level is the dominant form of collective bargaining in the public sector, which accounts for the majority of union members and where the coverage of collective agreements is very high.

Company level is dominant in the private sector, which is characterised by low union density and a low incidence of collective bargaining and collective agreements.

Other issues in collective agreements

Redundancies are important at the company level, and despite the rules within the Labour Code for handling them, there is considerable variation in how companies make redundancies, because of the case-by-case privatisation methods (sales and tenders) which took place in Serbia. As a result, there have been a variety of approaches to downsizing and severance pay schemes, depending on the economic power, business philosophy and goals of the buyers and relative strength of the unions. In principle, in situations where multinational companies were involved (such as Phillip Morris and US Steel), more generous schemes were applied, in the general atmosphere of cooperation rather than conflict with trade unions.

In general, issues of training and lifelong learning are not given much attention in branch and company collective agreements, other than repeating general prescriptions from the Labour Code and general collective agreement.

The recently signed (2011) branch collective agreement for the agriculture sector covers the responsibility of employer to provide training and education to its employees in accordance with the changes of the working process, technological and organisational changes in the company, etc. However, there is no explicit mention of the lifelong learning concept.

There is no mention of gender equality in collective agreements as gender equality issues have not yet been recognised as a matter relevant for collective agreements.

Industrial conflict

Sectors involved

Strikes are frequent in Serbia, but no consolidated data are available. While strikes in the public sector can in principle be measured (in practice they are not), the picture is more blurry with strikes and other forms of industrial action in the private sector, and few data are available.

In the public sector the most important strike in 2010–2011 was a strike by teachers (primary and secondary) over pay, involving three out of four main unions and lasting for several months.

In the private sector, strikes and industrial action can take many forms (protests, traffic blockades, demonstrations) in various contexts, often in firms which are at the brink of bankruptcy or are not operating at all as a result, for example, of a failed privatisation. Therefore, it is sometimes difficult to categorise industrial actions of workers whose firms are effectively closed. Often, as in the case of the weapons and ammunition company Zastava Oruzje from Kragujevac, actions can include negotiations with local and central government, including organised trips to Belgrade and mass protests to exert pressure on the government, the privatisation agency and relevant ministries.

Main reasons for industrial action

The main reasons for collective actions are different in the public and private sectors. In the public sector, they are largely about pay rises. In the private sector, strikes occur mostly as a consequence of unsuccessful privatisations and restructuring, and include demands for unpaid wages, elimination of wage arrears, severance payments, and sometimes the scrapping of privatisation, restitution of workers' ownership rights and/or takeover of the firm by the government.

Mediation and arbitration

The **Republic Agency for Peaceful Settlement of Labour Disputes** was set up by the Law on Peaceful Settlement of Labour Disputes in 2004. It is the first institutionalised service aimed at the peaceful settlement of individual and collective disputes, using external independent arbiters in settlement of labour disputes. In the first six years of its

operation, until 31 December 2010, the agency resolved 3,686 individual labour disputes and 54 collective disputes, of which 46 of which related to the public sector.

In the private sector, mechanisms of conflict resolution are more often informal, and include political intervention from the local and governmental level, typically with the ministry in charge or the Privatisation Agency, or both, mediating between the workers and employers.

Tripartite concertation

National tripartite policy concertation takes place within the Social and Economic Council, defined by the law as an independent legal entity formed to enhance the development of social dialogue. It consists of 18 members, six of which are representatives of the Government, six of trade unions and six of employers.

The Social and Economic Council has relatively wide agenda and remit, but in practice the concertation is reduced to minimum wage determination and discussion of various socio-economic issues. In recent years the Social and Economic Council has made efforts to come up with new measures to cushion the impact of the economic crisis on the Serbian economy and to support a new growth model for the country. However, the social actors are burdened with the unresolved issues of representativeness and full legitimacy of their constituent members, and the work of the Social and Economic Council has frequently been stalled in the past few years.

Workplace representation

Article 205 of the Labour Code allows for the creation of employee councils (work councils) in companies with more than 50 employees. Employee councils can give opinions and take part in decisions on the economic and social rights of employees.

The regulation of employee representation bodies is codified by law, but its implementation in practice through collective agreements is very limited. Works councils exist almost exclusively in some multinational firms operating in Serbia who have implemented their global practice.

Employee representation at establishment level summarised

	Incidence
Trade union	high
Joint trade union committee	low
Works council	low
Health and safety committee	low

Employee rights

The labour inspectorate is an agency within the Ministry of Labour and Social Affairs, operating in 26 district offices throughout Serbia. Its goals are to suppress informal work, protect employee rights in the workplace, prevent harassment and discrimination, and promote health and safety at work. Labour inspectorate offices are typically understaffed, and their rights to intervene on behalf of employees in practice are rather limited, because typically they need to act in cooperation with other institutions and authorities.

There are no special labour courts; employees (and all other citizens) must use the regular courts for grievances related to their employment rights. However, the Republic Agency for Peaceful Settlement of Labour Disputes (under the

Ministry of Labour and Social Policy) has proved to be a useful tool in enforcing the rights of employees. The Agency attempts to resolve labour disputes, which are predominantly individual disputes of employees against their employers, thus compensating to some extent for the absence of special labour courts. It engages arbiters and mediators, who are mostly judges or labour law professors, and it has managed in many instances to save considerable time and money for the parties in disputes. This is particularly relevant for employees, as they can seldom sustain a lengthy court procedure for financial reasons.

Pay and working time developments

Minimum wage

There is a statutory minimum wage set twice a year by decision of the Social and Economic Council, taking into account relevant economic and social factors. If the decision cannot be reached by consensus, the government (Ministry of Labour) can set the level of minimum wage unilaterally.

A minimum wage of RSD 102 (€1.05 as of 26 May 2011) (net, take-home) per hour was set by the decision of Social and Economic Council to be valid from June 2011. This translates to an average monthly minimum wage at standard working time of RSD 17,136 (€176.8 as of 26 May 2011) which is roughly 50% of the average wage.

There is a universal, nationwide minimum wage, with no differentiation for different groups of workers.

Pay developments

Average wages in Serbia have risen sharply since 2000 and significantly surpassed GDP growth in all years but 2008. The annual real growth rate of the average wage was 13.5%, in comparison to the average annual GDP growth rate of 5.4%, in 2001–2008. Even after the start of the economic crisis in October 2008, gross real wages remained stable or rose slightly, shifting the burden of adjustment to the crisis to employment reduction. Real wages in 2009 recorded a 0.6% increase, despite the drop in GDP in the same year of 3%. However, because of the pronounced devaluation of the dinar, wages expressed in euros dropped significantly in 2009 and slightly in 2010.

Pay increases are typically found in sectoral agreements in the public sector and in company-level agreements in the private sector. In 2009 and in most of 2010, the government froze wages in the public sector on account of the economic crisis. Since then, upward adjustments have been made for inflation and partially for GDP growth.

Recent estimates of the gender pay gap show comparatively small differences between men and women. The unadjusted pay gap varies from 4.5% to 12.4% in favour of men, depending on the year and source of data, while values for the adjusted pay gap are all in single digits (Blunch, 2010; Reva, 2010). One of the reasons for this relatively favourable finding is that women are heavily represented in the public sector, which in Serbia brings pays an average of almost a third more than the private sector.

Working time

The Labour Code defines statutory working time as 40 hours per week. The working week lasts five days, and the employer is entitled to define the daily schedule within clearly defined limits. It is also possible to reschedule working time between working weeks, but in that case working time cannot exceed 60 hours per week, and within six months it should not exceed 40 hours per week on average.

According to the OECD (2008) Serbia has a balanced and neutral regulation of working time, conforming with international averages.

Working time is an issue of lesser importance in collective bargaining, given the rather detailed and precise legislative regulation. There is a traditional regulation of ‘shortened’ working time in industries with exceptionally high levels of effort and/or adverse working conditions, and this regulation has in general not been disputed by either unions or employers.

Annual holiday entitlements are rather generous, with a minimum of 20 working days (four weeks), which can be increased depending on work experience, working conditions, education level and other criteria. However, employers outside the public sector rarely extend the holiday entitlement beyond the legal minimum.

Research on working conditions

There is no systematic research on working conditions in Serbia, and even research on individual topics is rare. However, the Serbian Association for Occupational Health and Safety (Udruženje za bezbednost i zdravlje na radu Srbije, **UBZRS**) collects some statistics on occupational hazards. While occupational injuries have increased from 825 in 2000 to slightly above 1,000 since 2007, there is no clear trend regarding fatal occupational injuries (28 in 2007, 42 in 2008, 37 in 2009) – but fatal injuries occur largely in construction, and may be correlated with the changes in construction activity.

The International Labour Organization is currently conducting an ongoing study of the employment injury benefits system in Serbia, at the request of the country’s Occupational Safety and Health Directorate. The study is intended to provide policy options for the drafting of a new Law on Insurance regarding occupational injuries, which would presumably create a direct linkage between the health and safety performance of employers and their accident insurance premiums.

Main trends in restructuring

In Serbia it has been difficult in recent years to distinguish the impact of the crisis on employment from the impact of the advanced stage of transition and restructuring on employment. It is therefore necessary to consider both these factors.

In 2009 and 2010 the drop in employment was most pronounced in manufacturing and construction. These two sectors also had the deepest cumulative drop in share of GDP, with the contribution of construction falling by almost a quarter from its pre-crisis level, while the drop in manufacturing was 12%. However, employment drop in manufacturing was larger, indicating that the effects of restructuring were stronger in manufacturing than in construction. The transport sector is an example of dominant and extremely strong restructuring impact on employment – while the transport share of GDP grew cumulatively by some 13% during the crisis, total employment dropped by 3.4%.

The textile industry in Serbia, traditionally employing a significant portion of the labour force, especially in less developed regions in the southeast, was among the hardest hit after the start of reform in 2000 – the number of workers in textile industry more than halved in the past decade. Recently, however, the government has started to support the revival of textile industry, actively searching for potential investors among the large European firms, such as Benetton, Falke and Calzedonia. They were encouraged to take over unstructured or poorly restructured textile firms in underdeveloped regions of Serbia, either through privatisation or through bankruptcy proceedings. Also, the policy of offering high subsidies for job creation was fully extended to the textile industry, offering incentives of up to €10,000 per new worker.

One of the typical examples of this new approach is the textile firm Nitex from Nis. In January 2011, representatives of the Serbian government, the City of Nis and the Italian fashion company Benetton signed a memorandum of understanding, listing the rights and obligations related to the Italian investment in Nis. Benetton plans to employ 2,700

people and invest €43.2 million in the plant in Nis in the next few years. The project would be backed by the state with subsidies amounting to €9,000 for each new employee.

Calzedonia has operated in Serbia since 2006, benefiting from job subsidies which at the time stood at €2,000 per new employee. The company plans to open a new factory in 2012, increasing employment from 320 to 650 workers.

The German company Falke invested €8 million in a sock factory in the southern town of Leskovac in 2010. It acquired and renovated a disused plant in a bankruptcy procedure. After providing training for almost 100 new workers and starting production in Leskovac, benefiting from subsidies of €4,000 per employed worker, Falke plans to build a new factory in another location and to employ up to 600 people.

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