

BARSERVICE

Towards smart bargaining in the commerce sector in North Macedonia

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Executive summary

This report provides a concise analysis of collective bargaining in Macedonia's commerce sector, highlighting pivotal trends, such as the rise of e-commerce and evolving workforce dynamics. It identifies major challenges like limited union presence and employer resistance while proposing opportunities to implement smart bargaining practices. These practices aim to bridge gaps, enhance sectoral competitiveness, and ensure equitable growth for employees and employers alike.

1. Sector identification and trends

The commerce sector in Macedonia features a mix of traditional retail and expanding e-commerce activities. Workforce diversity is increasing, with more young employees and women entering roles in logistics and customer service (INT3, 2024). The e-commerce market alone is projected to reach approximately US\$503.40 million in 2024, with an annual growth rate of 8.14% anticipated through 2029 (Statista, 2024). While wages show moderate growth, disparities between traditional and digital commerce persist (INT4, 2024).

Key drivers include:

1. **Technological Change:** E-commerce platforms and advanced supply chain management tools have revolutionized the industry. Miniso's use of digital inventory systems has streamlined operations (INT1, 2024), while Optika Orbis integrates e-commerce and modern optometry solutions to meet customer demands (INT2, 2024). Such innovations address efficiency and customer reach.
2. **Globalization:** Heightened competition from international retailers has prompted local businesses to adapt by focusing on niche markets and leveraging global supply chains (INT3, 2024). For example, Soloprom has diversified its procurement strategies to remain competitive in a globalized environment.
3. **Consumer Behavior:** Online shopping trends, accelerated by the pandemic, dominate consumer preferences, with cash-on-delivery still prevalent due to trust issues with digital payments. The E-commerce Association reports 63.5% of Macedonian internet users made online purchases in 2024 (INT4, 2024). Moreover, regional insights suggest the need for infrastructure improvement to sustain growth (Western Balkan E-commerce Report, 2024)

2. Current state of collective bargaining

In Macedonia's commerce sector, collective bargaining operates primarily at three levels. Firm-level bargaining is the most common, especially in large companies with structured HR processes. For example, Miniso engages in direct agreements tailored to company-specific needs, ensuring operational flexibility and rapid market adaptation (INT1, 2024). Similarly, Optika Orbis emphasizes adaptable terms that cater to the evolving demands of its workforce (INT2, 2024).

Sectoral bargaining, on the other hand, is relatively rare and confined to niche sub-sectors like optical goods and traditional crafts. While some sectoral agreements exist, their impact is limited due to the fragmented and decentralized nature of the industry. These agreements often lack the standardization needed to address cross-sectoral challenges effectively (INT2, 2024; INT3, 2024).

At the national level, broader labor agreements apply minimally to the commerce sector. These agreements focus on general labor standards but fail to capture the sector-specific nuances of industries such as e-commerce and retail. As noted by the E-commerce Association, national agreements often overlook critical dynamics like technological advancements and consumer behavior trends (INT4, 2024).

The characterization of collective bargaining in this sector reveals significant decentralization. Agreements are predominantly company-specific, allowing businesses to respond swiftly to changing market conditions. However, this flexibility comes at a cost. The International Labour Organization highlights that such fragmented structures hinder the development of standardized practices across the sector, leading to inconsistencies in employee representation and wage conditions (ILO, 2024).

Workers in smaller and informal enterprises are particularly disadvantaged, often excluded from bargaining processes. The lack of coordinated approaches further exacerbates these issues, limiting the potential for collaborative frameworks that could benefit all stakeholders (INT3, 2024; INT4, 2024).

Employers, particularly large entities like Soloprom and Miniso, wield considerable influence in negotiations due to their resources and market position (INT1, 2024; INT3, 2024). Employee representatives play a minor role, primarily in larger organizations, while employer associations, though present, lack the cohesion necessary to drive sector-wide initiatives (INT4, 2024). The power dynamics heavily favor employers, a situation compounded by the limited presence and capacity of

unions. According to the ILO, such imbalances restrict the potential of collective bargaining to address sector-wide challenges effectively (ILO, 2024).

Despite these challenges, there are efforts to foster collaboration. The E-commerce Association, for instance, advocates increased dialogue and shared standards to enhance the effectiveness of bargaining processes. These initiatives, although in their nascent stages, reflect a growing recognition of the need for more inclusive and robust collective bargaining frameworks (INT4, 2024; Western Balkan E-commerce Report, 2024).

3. Challenges to collective bargaining

Challenges to collective bargaining in Macedonia's commerce sector are multifaceted, stemming from structural, cultural, and technological dynamics. One of the most significant issues is the low presence of unions. Limited unionization means that a vast number of employees, particularly in smaller businesses, have little to no representation. This lack of organized labor undermines workers' ability to negotiate collectively for improved conditions (INT1, 2024; INT3, 2024).

The rise of the digital workforce, including freelancers and gig workers, presents another significant challenge. These individuals often operate outside traditional employment frameworks, making it difficult to include them in collective agreements. As noted by the E-commerce Association, digitalization has created fragmented work environments that hinder unified worker representation (INT4, 2024). This fragmentation is compounded by technological changes that prioritize flexible, non-standard forms of employment, leaving many workers vulnerable to exploitation (ILO, 2024).

Employer resistance to collective bargaining also remains a pervasive issue. Many employers view union involvement as a potential threat to operational flexibility and profitability. According to a report from the International Labour Organization, this resistance is particularly acute in sectors undergoing rapid technological and market changes, where businesses prioritize agility over structured labor agreements (ILO, 2024).

Social partners, including unions and employer associations, emphasize several pressing challenges. Deregulation of labor markets has been identified as a critical issue, particularly as it weakens collective bargaining mechanisms. For example, the lack of enforceable frameworks for multi-employer agreements leaves many workers unprotected (INT2, 2024). Similarly, gender segregation in certain roles, such as logistics and IT, limits the inclusivity and effectiveness of bargaining

processes (ILO, 2024).

Vulnerable groups, including young and migrant workers, are also at risk of exclusion. These workers frequently lack formal contracts, further marginalizing them in collective bargaining structures. For instance, Miniso highlighted the challenges of integrating part-time and freelance workers into existing agreements due to regulatory ambiguities (INT1, 2024).

To address these challenges, a combination of awareness campaigns, digital tools, and legislative reforms is essential. Awareness campaigns can promote the benefits of union membership and encourage workers to participate in collective actions. Targeted initiatives, such as educational programs for young and migrant workers, can further enhance representation (INT3, 2024).

The adoption of digital platforms offers a viable solution for organizing the fragmented workforce. These platforms can facilitate communication and coordination among workers, even in decentralized environments. For example, the E-commerce Association has initiated pilot programs using digital tools to improve worker engagement and collaboration (Western Balkan E-commerce Report, 2024).

Finally, legislative support is crucial for strengthening the legal frameworks governing collective bargaining. Enhancements to multi-employer agreement provisions and enforcement mechanisms can provide a more robust foundation for collective actions. The International Labour Organization advocates for harmonized labor laws that align with technological advancements, ensuring fair treatment for all workers (ILO, 2024).

Addressing the challenges to collective bargaining in Macedonia's commerce sector requires a multifaceted approach. By combining education, digital innovation, and legislative reform, stakeholders can create an inclusive and equitable environment that supports both workers and employers. These efforts must be underpinned by strong collaboration among unions, employers, and policymakers to achieve sustainable progress.

4. Towards Smart Bargaining

Smart bargaining in Macedonia's commerce sector is characterized by its focus on delivering mutually beneficial outcomes through innovation and inclusivity. This approach adapts traditional collective bargaining frameworks to the realities of a digitized and globalized economy. Key features include adapting agreements to

technological and market changes, balancing wage and non-wage benefits, and employing strategies to expand bargaining coverage. The International Labour Organization underscores that smart bargaining mechanisms should align with emerging trends to remain effective and relevant (ILO, 2024).

To expand bargaining coverage, a coordinated effort from multiple stakeholders is essential:

Unions: Strengthening union presence and capabilities is vital. Investments in training programs to develop negotiation skills and knowledge of digital workforce dynamics are required. For example, unions can use digital platforms to engage freelancers and gig workers who are typically excluded from traditional agreements (Western Balkan E-commerce Report, 2024).

Employers: Employers need to recognize the long-term benefits of collaborative agreements. Transparent communication and trust-building initiatives can pave the way for constructive dialogues. Soloprom's approach to incorporating sustainability and work-life balance provisions in agreements exemplifies how employers can lead these efforts (INT3, 2024).

Government: A supportive regulatory framework is critical. Legislative reforms should address gaps in coverage for informal and digital workers. For instance, enabling multi-employer agreements can standardize conditions across sub-sectors like e-commerce and retail (INT4, 2024).

Social Partners: Organizations such as the E-commerce Association can act as intermediaries, providing resources and facilitating knowledge-sharing sessions to ensure alignment between employers and employees (Western Balkan E-commerce Report, 2024).

Legal regulation plays a dual role in collective bargaining: it provides a foundation for agreements while also influencing the scope and effectiveness of negotiations. In Macedonia, the legal framework for collective bargaining is underutilized, particularly in the commerce sector. The International Labour Organization's analysis reveals that fragmented labor laws contribute to uneven bargaining coverage and enforcement (ILO, 2024).

The EU Directive on Adequate Minimum Wages has set a benchmark for fair wages, indirectly fostering collective bargaining. It encourages countries to establish mechanisms that promote broader coverage, particularly for low-wage sectors. In Macedonia, aligning national legislation with EU standards could strengthen collective bargaining by ensuring minimum protections and

incentivizing negotiations (ESAP, 2024).

Balancing regulation and bargaining autonomy is crucial. Excessive legal constraints can stifle negotiations, while inadequate laws leave workers vulnerable. A hybrid approach that emphasizes mutual learning and cooperation among social partners is ideal. For example, coordinated efforts in the optical goods sub-sector have demonstrated the potential for combining legal frameworks with dynamic bargaining practices to achieve more inclusive agreements (INT2, 2024).

Towards smart bargaining requires a comprehensive strategy that incorporates technological innovation, enhanced stakeholder collaboration, and adaptive legal frameworks. Unions, employers, and government actors must work in tandem to create an environment conducive to effective negotiations. As Macedonia's commerce sector continues to evolve, embracing these principles will be essential for ensuring equitable growth and sustainable development.

5. European Perspectives

The European Union's initiatives have played a pivotal role in shaping collective bargaining frameworks in Macedonia's commerce sector. This section explores the impact of key directives, the involvement of EU-level social partners, and opportunities for mutual learning and collaboration to enhance bargaining coverage.

The EC Directive on Adequate Minimum Wages establishes a legal framework for fair wage practices, indirectly bolstering collective bargaining efforts. By mandating that member states ensure adequate wage levels, the directive encourages formalized agreements between employers and employees. In Macedonia, alignment with these EU standards has the potential to improve wage equity and incentivize negotiations, particularly in low-wage sectors like retail (ESAP, 2024). The directive's emphasis on transparency and accountability further strengthens the bargaining process, creating a foundation for sustainable labor relations (ILO, 2024).

EU-level social partners, including the European Trade Union Confederation (ETUC) and Business Europe, have been instrumental in providing guidance and resources to national counterparts. These organizations facilitate knowledge-sharing sessions, workshops, and funding initiatives aimed at strengthening collective bargaining coverage. For example, Macedonia's E-commerce Association has benefited from collaborative projects with EU partners to address challenges such as digital workforce fragmentation and limited union presence (Western

Balkan E-commerce Report, 2024). Such partnerships underscore the importance of regional cooperation in enhancing sector-specific agreements.

Mutual learning and cooperation among social partners across EU countries offer significant opportunities for improving bargaining frameworks. By sharing best practices, countries can adapt innovative approaches to local contexts. In the commerce sector, Macedonia could draw inspiration from advanced bargaining models in Germany and the Netherlands, where digital tools and sectoral agreements have increased coverage and inclusivity (ILO, 2024). Cross-border collaborations also foster trust and alignment among stakeholders, paving the way for more cohesive labor relations.

Collective Bargaining Agreement (CBA) Content

The content of CBAs in Macedonia's commerce sector often focuses on basic wage provisions, with limited attention to non-wage benefits or modern labor issues. General collective agreements for the public and private sectors highlight key areas that could be incorporated into sector-specific CBAs. For instance, provisions addressing job security, annual leave entitlements, and protections against discrimination are outlined in the General Collective Agreement for the private sector (GCA, 2023). Additionally, public-sector agreements emphasize skill development, aligning with EU guidelines that advocate for diversified agreements addressing work-life balance and digitalization. Incorporating these elements into CBAs can make agreements more relevant and attractive to both employers and employees. For instance, provisions for flexible work arrangements, overtime compensations, and improved benefits, such as holiday bonuses and transportation allowances, are already present in existing agreements and could be adapted for the commerce sector. Sustainability clauses, as seen in some EU countries, and structured professional development opportunities, such as those mentioned in the General Collective Agreements for private-sector employees, could further enhance the relevance of Macedonia's CBAs (INT3, 2024; Western Balkan E-commerce Report, 2024; GCA, 2023)

European perspectives provide a valuable framework for advancing collective bargaining in Macedonia's commerce sector. By leveraging EU directives, engaging with regional social partners, and adopting best practices, the sector can address existing challenges and achieve more equitable labor relations.

6. Conclusions

Smart bargaining is critical for addressing the commerce sector's unique



challenges in Macedonia, serving as a transformative approach that aligns sector dynamics with the broader goals of equitable and sustainable development. At its core, smart bargaining fosters collaboration among unions, employers, and policymakers to create adaptive agreements that respond to rapid technological and market changes.

The current state of bargaining in Macedonia's commerce sector is heavily fragmented, with a predominance of firm-level agreements and limited sectoral coordination. This decentralization, while offering flexibility, exacerbates disparities in wage conditions and employee representation, particularly among smaller enterprises and informal workers. These gaps underscore the need for inclusive bargaining frameworks that extend coverage to vulnerable groups, such as gig and part-time workers, who remain outside traditional agreements (ILO, 2024).

Challenges to achieving smart bargaining include low union presence, resistance from employers, and a fragmented legal framework. Enhanced union organizing efforts, supported by awareness campaigns and digital tools, are critical to addressing these issues. For example, the Western Balkan E-commerce Report highlights the potential of digital platforms to unify fragmented workforces and foster participation in collective bargaining initiatives (Western Balkan E-commerce Report, 2024).

Legal regulation plays a pivotal role in facilitating smart bargaining. The EC Directive on Adequate Minimum Wages provides a benchmark for aligning national frameworks with EU standards, promoting wage equity and incentivizing negotiations. Collaborative learning and knowledge-sharing among EU social partners also offer opportunities to implement best practices, such as diversified agreement content and innovative negotiation strategies (ILO, 2024; ESAP, 2024).

The adoption of smart bargaining in Macedonia's commerce sector presents a significant opportunity to address existing inequities while ensuring the sector's adaptability and competitiveness. By fostering multi-stakeholder engagement and leveraging regional insights, Macedonia can lay the foundation for a more inclusive and dynamic bargaining landscape.

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Annex

Table 1: List of Interviews

INT1	Representative from Miniso
INT2	Representative from Optika Orbis
INT3	Representative from Soloprom
INT4	Representative from E-commerce Association of North Macedonia