

BARSERVICE

Towards smart bargaining in the social care sector in North Macedonia

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Executive summary

This report analyzes collective bargaining in North Macedonia's care sector, focusing on addressing workforce shortages, limited bargaining coverage, and disparities between public and private care institutions. The care sector's decentralized and fragmented nature underscores the need for sector-wide frameworks to standardize wages and working conditions. Recommendations highlight fostering collaboration between employers, employees, and government actors, implementing tailored agreements that incorporate provisions for skill development and workload regulation, and leveraging international best practices to build a sustainable and equitable labor framework.

I. Sector identification and trends

The care sector encompasses elder care facilities, kindergartens, and informal childcare providers. "The workforce is predominantly female, and high turnover rates are a persistent issue due to the physically and emotionally demanding nature of the work," noted a representative from Labos (INT1, 2024). Public institutions benefit from state support, whereas private care providers struggle to match benefits and working conditions (INT2, 2024). The care sector in North Macedonia includes two branch-level collective agreements covering public institutions for childcare and elder care. However, private institutions are not included under these agreements, leaving them without sectoral coverage

Key drivers include:

- **Demographic Changes:** An aging population and increased workforce participation among parents are driving significant demand for care services. According to a representative from Labos, "We are seeing more families seeking elder care support as parents focus on their careers, creating an increased demand for reliable and professional services" (INT1, 2024).
- **Globalization:** Migration of skilled caregivers to higher-paying countries exacerbates workforce shortages. "Many of our best-trained workers leave for better opportunities abroad, making it challenging to maintain service quality and meet demand locally," noted the director of Labos (INT1, 2024). This issue creates a persistent gap in the availability of skilled professionals.
- **Regulatory Barriers:** Licensing requirements and lack of public funding create disparities between public and private care institutions. "Private kindergartens struggle to compete with public institutions due to limited access to subsidies and funding,"

explained the director of Crvenkapa Kindergarten. She added, "These barriers prevent us from offering competitive salaries and benefits, which directly impacts staff retention" (INT2, 2024).

II. Current state of collective bargaining

Collective bargaining in the care sector predominantly occurs at the firm level. "Firm-level agreements are the most practical given the absence of sectoral frameworks," stated the director of Labos (INT1, 2024). Sectoral bargaining is informal and limited, particularly among private kindergartens. Public institutions operate under national frameworks, leaving private and informal actors to negotiate individually (INT3, 2024). Unlike public care institutions, which are governed by branch-level collective agreements, private entities operate without such frameworks. Firm-level agreements in these institutions are scarce, exacerbating inconsistencies in working conditions and bargaining coverage.

The bargaining process in the care sector is decentralized. Employers dominate the process, and informal agreements often serve as substitutes for formal sectoral bargaining. "The lack of coordination leads to significant disparities in working conditions," noted the director of Crvenkapa Kindergarten (INT2, 2024). This fragmented structure limits the ability to enforce standardized agreements, as emphasized by the ILO's analysis of labor relations in North Macedonia (ILO, 2024).

Strengths and Weaknesses of the Current Bargaining Mechanisms:

- Strengths: Flexibility allows employers to tailor agreements for critical staff, offering competitive terms to retain key employees (INT1, 2024).
- Weaknesses: The absence of unions and formal frameworks results in inconsistent standards, leaving many workers without adequate representation or benefits (INT3, 2024).

Actors in Collective Bargaining:

- Employers: Predominantly private institutions and informal caregivers.
- Employees: Represented individually, with limited collective advocacy.
- Government: Minimal involvement, with most efforts directed towards public institutions (INT2, 2024).

Over the past decade, the actors have remained largely the same, with no significant unions or sector-wide employer associations emerging. However, the reliance on informal agreements has grown as workforce shortages have intensified (INT1, 2024). Employers hold disproportionate power due to the absence of collective representation. "Employees often accept terms without negotiation because they lack alternatives," explained a representative from the informal childcare sector (INT3, 2024). Despite increased demand for care services, power dynamics have not shifted significantly. Employers continue to set terms unilaterally, particularly in private and informal sectors (INT1, 2024; INT3, 2024). Existing agreements focus primarily on wages and basic benefits, with little attention to career development, workload management, or modern labor issues. "The agreements we do have often mirror public-sector standards but lack depth," noted the director of Crvenkapa Kindergarten (INT2, 2024). This assessment aligns with findings from the ESAP's sectoral studies (ESAP, 2024). Bargaining coverage has remained stagnant, with minimal progress towards sector-wide agreements. Informal caregiving and private institutions operate outside formal frameworks, resulting in significant coverage gaps (INT3, 2024).

Currently Available Options for Increasing Bargaining Coverage:

- Legal Extension Mechanisms: Introducing legislation to mandate sectoral bargaining (ILO, 2024).
- Capacity Building: Providing resources and training to support unionization efforts (ESAP, 2024).
- Public-Private Partnerships: Encouraging collaboration to develop standardized agreements that include private and informal actors (General Collective Agreements, 2023).

III. Challenges to collective bargaining

The challenges to collective bargaining in North Macedonia's care sector are multifaceted and deeply rooted in structural, cultural, and economic factors. Deregulation has led to a fragmented bargaining landscape where outcomes vary widely. The absence of sector-wide regulations exacerbates disparities between private and public care providers. A representative from Labos highlighted, "Without enforceable frameworks, informal care providers are left to operate under varying conditions," emphasizing the need for greater standardization (INT1, 2024).

Gender segregation is another significant challenge. The care sector is predominantly female, and this gender imbalance often leads to undervaluation of roles. As noted by the director of Crvenkapa Kindergarten, "Care work is often perceived as less critical, which impacts wage negotiations and overall job valuation" (INT2, 2024). The undervaluation of predominantly female roles perpetuates wage gaps and limits career development opportunities within the sector.

Vulnerable groups, particularly part-time and informal workers, face additional hurdles. These workers often lack representation and are excluded from formal bargaining processes. "Many part-time caregivers work without contracts, leaving them unable to negotiate fair terms," explained a representative from the informal childcare sector (INT3, 2024). This lack of inclusion further entrenches inequalities and undermines the effectiveness of collective agreements.

Social partners have identified low bargaining coverage as a critical issue. The absence of sectoral agreements leaves many workers without standardized protections. According to a representative from the informal childcare sector, "The lack of sector-wide agreements creates significant gaps in worker protections, particularly in informal settings" (INT3, 2024). Employer resistance to formal negotiations further compounds this issue. Many employers are hesitant to engage in collective bargaining, fearing it may reduce their operational flexibility. As stated by the director of Labos, "Employers often see collective bargaining as a potential threat to their ability to adapt quickly to market demands" (INT1, 2024). Additionally, the absence of unions further limits advocacy for workers' rights and prevents the establishment of a unified voice in negotiations. The absence of branch-level agreements for private institutions further highlights the challenge of achieving uniform bargaining coverage across the care sector.

Addressing these challenges requires a combination of targeted tools and strategies. Awareness campaigns can increase understanding of the benefits of collective bargaining among both employers and employees. By promoting the advantages of standardized agreements, such campaigns can help shift perceptions and encourage participation. Capacity building is another critical tool. Providing training for unions and worker representatives can enhance negotiation skills and strengthen advocacy efforts. Legislative support is essential for mandating sectoral agreements and ensuring comprehensive coverage across the care sector. Policies that incentivize or require formal bargaining frameworks could bridge existing gaps and promote equity.

Digital tools offer innovative solutions for overcoming barriers in collective bargaining. Platforms that facilitate remote negotiations can improve participation, particularly for informal workers who may otherwise be excluded. Public-private partnerships can also play a significant role. Collaborating on pilot projects to demonstrate the benefits of collective agreements, especially in underrepresented segments, could pave the way for broader adoption of standardized practices (Macedonia2025, 2024). These combined efforts could create a more inclusive and equitable bargaining environment, addressing the care sector's unique challenges while fostering sustainable growth.

IV. Towards Smart Bargaining

Smart bargaining in the care sector represents a forward-thinking approach to improving labor relations, enhancing worker protections, and meeting the evolving needs of employers and employees. This concept is particularly critical in a sector marked by decentralization, workforce shortages, and the absence of standardized agreements. At its core, smart bargaining emphasizes collaboration, inclusivity, and adaptability to ensure that collective agreements remain relevant and effective in addressing the sector's unique challenges. Expanding branch-level agreements to include private care institutions could bridge the regulatory gap, fostering a more inclusive and equitable bargaining environment.

A key feature of smart bargaining is its focus on inclusivity. Ensuring that all workers, including part-time and informal caregivers, are represented in bargaining processes is essential for equitable outcomes. According to a representative from the informal childcare sector, "Smart bargaining means bringing everyone to the table, regardless of their employment status" (INT3, 2024). This inclusivity extends to employers as well, who must recognize the long-term benefits of structured agreements that promote workforce stability and satisfaction. The director of Labos noted, "Employers who invest in fair bargaining processes often see improvements in retention and productivity" (INT1, 2024).

Achieving smart bargaining requires the active involvement of multiple actors. Unions, where present, must be strengthened to advocate effectively for workers. This includes capacity-building initiatives to enhance negotiation skills and knowledge of sector-specific challenges. Employers, particularly those in private and informal care settings, must be encouraged to engage in collective bargaining. Public-private partnerships can facilitate this process by demonstrating the tangible benefits of standardized agreements through pilot projects and case studies (Macedonia2025, 2024). The government also plays a crucial role by providing legislative support and incentives for sectoral agreements. Policies that mandate bargaining coverage or offer financial incentives for participation can

significantly enhance bargaining outcomes (ILO, 2024).

The relationship between legal regulation and collective bargaining is critical to the success of smart bargaining. Comprehensive legal frameworks can provide a foundation for effective negotiations while ensuring that agreements are enforceable.

V. European Perspectives

The EC Directive on Adequate Minimum Wages provides a crucial framework for improving wage conditions across Europe, including North Macedonia. While its direct impact on the care sector has been limited, the directive serves as an important benchmark for national labor laws. By promoting adequate wages, it indirectly supports collective bargaining by raising awareness of fair compensation standards. "The directive has helped bring attention to wage disparities," noted the director of Labos (INT1, 2024). However, the absence of strong enforcement mechanisms in the private care sector limits its overall effectiveness (ILO, 2024).

EU-level social partners, such as the European Trade Union Confederation (ETUC) and BusinessEurope, play a vital role in promoting bargaining coverage. These organizations provide resources, best practices, and funding to national counterparts to enhance collective bargaining frameworks. In North Macedonia, collaborations with EU-level partners have focused on training initiatives and policy advocacy. "EU social partners have been instrumental in sharing best practices, particularly in extending bargaining coverage," explained the director of Crvenkapa Kindergarten (INT2, 2024).

Mutual learning and cooperation among social partners in Europe offer significant opportunities for North Macedonia's care sector. "Learning from countries with more advanced bargaining frameworks, such as Germany or the Netherlands, can help us adapt innovative practices to our local context," noted a representative from the informal childcare sector (INT3, 2024). Cross-border collaborations enable the exchange of successful strategies, including sectoral agreements that address specific workforce challenges.

The content of CBAs in the care sector often focuses on wages and basic benefits, but there is growing recognition of the need to address broader topics such as career development, workload regulation, and skill enhancement. The General Collective Agreements provide a foundation for these expansions by including provisions on leave entitlements, job security, and protections against discrimination (GCA, 2023). "Expanding CBAs to include professional development opportunities and workload management could significantly improve retention

and job satisfaction," stated the director of Labos (INT1, 2024). Adopting these elements could align North Macedonia's care sector with EU standards, fostering a more competitive and equitable labor market.

VI. Conclusions

Smart bargaining offers a transformative approach to addressing the care sector's most pressing challenges, including workforce shortages, wage disparities, and the absence of sector-wide agreements. This report highlights the need for inclusive and adaptive bargaining frameworks that reflect the sector's unique demands.

The current state of collective bargaining is characterized by decentralization and fragmentation, with private and informal care providers operating outside standardized agreements. These gaps underline the importance of targeted strategies to extend bargaining coverage and ensure that all workers, including part-time and informal caregivers, benefit from collective representation. As noted by a representative from the informal childcare sector, "Bringing everyone to the table, regardless of their employment status, is essential for achieving equitable outcomes" (INT3, 2024).

The challenges to bargaining, including low union presence, employer resistance, and limited legal support, require a multifaceted approach. Public-private partnerships, capacity-building initiatives, and legislative reforms are vital tools for bridging these gaps.

European perspectives provide valuable insights, particularly in aligning North Macedonia's care sector with EU standards. The EC Directive on Adequate Minimum Wages and collaborations with EU-level social partners offer frameworks for improving wage conditions and expanding bargaining coverage. Additionally, mutual learning opportunities with countries that have advanced bargaining mechanisms can inspire innovative practices and solutions.

Ultimately, the path towards smart bargaining lies in fostering collaboration among employers, employees, and policymakers. By leveraging international best practices, investing in workforce development, and creating robust legal frameworks, North Macedonia can build a more inclusive, competitive, and sustainable care sector.

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Annex

Table 1: List of interviews

INT1	Representative from “Labos” Home for Elderlies
INT2	Representative from Private Kindergarten “Crvenkapa”
INT3	Representative from the informal childcare sector