

# BARSERVICE



## Smart bargaining in the services sector: overview, challenges, opportunities

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### Comparative policy report

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## Executive summary

- The **BARSERVICE project** analyses collective bargaining in the service sector with a focus on four subsectors (care, commerce, finance and publishing) across nine countries (Croatia, Czechia, France, Italy, Romania, Slovakia, North Macedonia, Serbia, Türkiye). The project provides an in-depth assessment of industrial relations challenges and opportunities, with the aim of strengthening the capacity of social partners **and delivering** policy-relevant guidance for the **development of “smart bargaining”**—that is, bargaining processes tailored to sector-specific needs in terms of bargaining level, structure and content.
- **Across all four subsectors, collective bargaining faces common structural barriers**, including the limited capacity of social partners to act as independent bargaining actors, highly decentralised company-level bargaining with little or no multi-employer coordination, weak bargaining traditions, and a generally low willingness of employers to engage. These structural, cultural and ideological constraints require long-term, systemic strategies, rather than short-term or fragmentary interventions.
- **Social partners are encouraged to prioritise trust-building through continuous dialogue beyond formal bargaining rounds**, to invest in the creation and strengthening of multi-employer and sectoral bargaining structures in order to overcome fragmentation, to actively demonstrate the benefits of collective bargaining to employers, and to foster cross-border coordination among trade unions in multinational companies as a means of sharing strategies, experiences and learning from bargaining processes.
- Policymakers play a critical enabling role in ensuring the effective implementation of the **Adequate Minimum Wage Directive**, in strengthening the institutional capacity of social partners, and in **supporting the transition towards inclusive sectoral collective bargaining** through appropriate legislation, financial incentives and monitoring mechanisms.
- The implementation of these recommendations aims to support the development of sustainable sectoral bargaining structures where they are currently absent, by adapting bargaining levels, governance arrangements and bargaining content to the specific needs of each subsector. Through this “smart bargaining” strategy, the project seeks to **expand collective bargaining coverage towards the 80% target, improve wages and working conditions, reduce undeclared work, and build resilient systems of social dialogue capable of responding to future economic and technological transformations in the service sector.**

## Introduction

The service sector has become increasingly central to European economies, and three out of four employees work in the service sector in Europe in 2021. However, bargaining coverage remains low in service industries. Working conditions in the services sector have deteriorated significantly, characterised by low wages, job insecurity, and persistent gender segregation. These challenges are compounded by inadequate collective bargaining frameworks that lack sufficient scope and capacity for effective intervention. The post-COVID-19 economic and labour market context has amplified these concerns, creating an urgent need for social partners to identify and implement effective bargaining strategies across Europe.

The BARSERVICE project addresses these challenges by examining collective bargaining across nine countries, in six EU member states, Croatia, Czechia, France, Italy, Romania, and Slovakia, and in three candidate countries, North Macedonia, Serbia, and Türkiye. The analysis focuses on four private services subsectors: care, commerce, finance, and publishing. The project examines bargaining practices, power relations between unions and employers, collective agreement coverage and content, and strategies to address undeclared work. This policy brief summarizes the main findings and recommendations from the BARSERVICE project.

The BARSERVICE project is grounded in a comparative industrial-relations framework designed to analyse collective bargaining in four service subsectors—care, commerce, finance and publishing—across nine European countries. It responds to major structural transformations, including the tertiarisation of economies, the deterioration of working conditions in services (low wages, precarious jobs, gender segregation), the spread of undeclared work, and the uneven capacity of collective bargaining to regulate these processes. The framework situates these developments within broader dynamics such as digitalisation, post-Covid labour-market restructuring, and EU policy priorities, notably the Directive on Adequate Minimum Wages and the 80% bargaining-coverage target. Conceptually, the project builds on classic industrial-relations theory (Clegg’s framework), focusing on bargaining institutionalisation, actors, power relations, bargaining structures and outcomes, while explicitly addressing the growing gap between the expanding service economy and declining bargaining coverage.

Methodologically, BARSERVICE applies an **inductive, actor-centred and power-resources approach** to develop the concept of “smart bargaining” from empirical evidence rather than pre-defined theory. It analyses the organisational, institutional, economic and societal power resources of social partners and their interactions within specific national and sectoral contexts, drawing on actor-centred institutionalism. Smart bargaining is operationalised as strategies that enhance both the **quality and the coverage of collective bargaining**, within existing legal and institutional constraints. The framework integrates qualitative mapping of bargaining practices with a digitised analysis of collective-agreement content, while also linking bargaining capacity to the prevention and reduction of undeclared work. The ultimate purpose of this analytical design is not only explanatory, but also practical: to generate evidence that directly supports social-partner capacity building, mutual learning, and the development of tailored bargaining strategies in the European service sector.

## Sector-specific challenges

### ○ Care

A primary structural challenge in the care sector is the persistent workforce shortage, driven by rapidly rising demand linked to population ageing and the out-migration of care workers to better-paid destinations, particularly in Slovakia, Czechia and Italy. These shortages are closely connected to chronically low wages, which in turn stem from the long-term underfunding of care services across most countries. The sector is overwhelmingly feminised, and the structural undervaluation of female-dominated occupations continues to translate into lower pay, limited career progression and weak professional recognition.

Collective bargaining coverage remains highly fragmented and uneven. While public care institutions usually operate within established bargaining frameworks, private providers and domestic care workers are frequently excluded from formal representation. This gap is further deepened by the widespread prevalence of informal and undeclared work, particularly in home-based care in countries such as Türkiye, Italy and Romania, which effectively excludes large groups of workers from legal protection and collective agreements. Bargaining efforts are additionally constrained by employer resistance in countries such as Croatia, North Macedonia and Serbia, as well as by institutional and legal barriers, including restrictive representativeness thresholds for unions in Türkiye.

### ○ Commerce

The commerce sector faces systemic structural and institutional challenges that consistently obstruct effective collective bargaining. Structural problems center on highly fragmented and decentralised bargaining structures in France, Romania, Slovakia, and Italy, leading to inconsistent practices, unclear social partner alignment, and significant gaps in coverage, particularly among small and medium-sized enterprises. Simultaneously, legal and institutional barriers systematically obstruct collective bargaining effectiveness in Türkiye, Serbia, and North Macedonia.

Employer resistance is common, with parties actively avoiding or undermining collective bargaining in Croatia, Czechia, Serbia, North Macedonia, Slovakia, and Türkiye. This challenge is exacerbated by low union density in several countries, including North Macedonia, Czechia, Italy, and Türkiye, thereby weakening trade unions' bargaining power.

The sector struggles with inclusivity. Vulnerable workers, such as digital employees, part-time staff, and temporary workers, are frequently excluded from bargaining structures in France, North Macedonia, and Romania. This exclusion, alongside gender segregation in the workforce in Croatia, Romania, and North Macedonia, poses a barrier to inclusive and equitable bargaining outcomes.

### ○ Finance

Countries with strong systems of collective bargaining, such as Italy, France and Romania, still face challenges in low rates of unionization, outsourcing, atypical work and passive employers. In France, union density remains low at approximately 10-11%, despite extensive collective



agreement coverage. The bargaining power of domestic unions faces additional challenges as large multinational banks increasingly outsource services to lower-wage countries, creating downward pressure on wages. In Romania, fragmentation within the trade union movement has led to disputes over representativeness, undermining a unified worker voice in the sector. The widespread use of temporary contracts and employee leasing arrangements further complicates efforts to organize workers and negotiate effectively. Moreover, employer reluctance continues to limit meaningful engagement in collective bargaining processes, particularly from major actors such as Banca Transilvania.

The rest of the countries, Croatia, Czechia, Slovakia, Serbia, North Macedonia, and Türkiye, have fragmented bargaining where collective bargaining happens almost exclusively at the company level. Fragmentation and a lack of coordination are issues on both the trade union and the employers' side, resulting in considerable disparities in working conditions and employee benefits in the sector. It mainly leads to disparities between small and large banks and between banks with and without collective agreements. Also, often company collective agreements are not public, which leads to more challenges. In several countries, multinational banks often restrict collective bargaining, with local subsidiaries having limited autonomy over wages and working conditions. Although a few, such as Banca Intesa in Serbia, have shown greater openness under global pressure.

## ○ Publishing

The publishing sector is undergoing changes driven by digital transformation, creating significant obstacles to collective bargaining. Collective agreements have not kept pace with the evolving realities, especially in digital publishing, remote work, and freelance work. Structurally precarious work is common in the publishing sector. Individual bargaining dominates the publishing sector due to the high proportion of workers with temporary or freelance contracts.

Collective bargaining is highly decentralized in the majority of the nine countries, except in France and Italy. Countries also lack a collective bargaining culture which is tied to the existing structures and institutions. Trade unions have limited capacity for effective and broad collective bargaining. In several countries, employers are reluctant to engage in collective bargaining and favor unilateral approaches to setting wages and working conditions. In Serbia, many small companies maintain prohibitions on unionization that have been deemed unconstitutional. The power imbalance between employers and workers is high due to the challenges listed above.

## Analysis of the content of collective agreements

The BARSERVICE project also implemented a large-scale empirical analysis of **167 collective bargaining agreements (CBAs)** in the services sector across the studied nine countries (Croatia, Czechia, France, Italy, Romania, Slovakia, North Macedonia, Serbia and Türkiye). The study is based on the systematic annotation and analysis of CBAs stored in the WageIndicator Collective Agreements Database, using a structured codebook with more than 1,000 variables. The dataset far exceeds the original project target of 72 CBAs, offering a robust empirical foundation for cross-country and cross-sector comparison. The agreements analysed cover four subsectors: commerce, finance, publishing, and social care, where most of these agreements were signed between 2016 and 2024.

Commerce is the most strongly covered subsector in the database (62 CBAs), followed by healthcare and personal services (47 CBAs), financial services (34 CBAs) and publishing/media (24 CBAs). Italy has the most agreements (54), followed by Türkiye (29) and France (28). The analysis focuses on 12 main labour topics: job classification, social security and pensions, training, employment contracts, sickness and disability, health and safety, work-family balance, gender equality, wages, working hours, worker representation and conflict resolution, and new technologies and green clauses. Coverage across these topics varies significantly both across countries and sectors. Serbia, France and Italy display the highest overall coverage, while Czechia and Slovakia show more limited topic coverage.

The findings show that core employment conditions are generally well-regulated in service-sector CBAs. Wages, working hours, health and safety, job security and employment contracts are widely covered across countries. Many agreements also include provisions on work-family balance, gender equality and protection against workplace violence, indicating the growing prominence of these issues in collective bargaining. However, important regulatory gaps persist. Although training is mentioned in most CBAs, it rarely focuses on future-oriented skills, such as those linked to digitalisation, green transition or technological change. Worker participation in decision-making remains limited, appearing in fewer than half of agreements. Wage-related regulation is uneven beyond basic wage scales: structured wage increases and bonus payments are included in only slightly more than half of CBAs.

Sectoral differences are pronounced. Healthcare and social work agreements place stronger emphasis on health and safety and work-family balance, while finance and commerce agreements focus more on wages and flexible working arrangements. Provisions related to new technologies and green transition remain rare overall. Only about 15% of CBAs include green clauses, with Italy being the only country where such provisions are systematically present. Commerce shows the highest share of green clauses (23%), followed by finance (19%), while healthcare and publishing lag far behind. These patterns suggest that sustainability and digital transformation are still weakly embedded in service-sector collective bargaining.

Based on the analysis, the report concludes that collective bargaining plays a central role in shaping working conditions in services, but its regulatory scope remains uneven and insufficiently future-oriented. To address existing gaps, the report calls for a shift towards “smart bargaining”, understood as more strategic, forward-looking, and inclusive bargaining. Key priorities include systematically integrating lifelong learning, digital and green skills, gender equality, flexible work arrangements, and protection against workplace violence into CBAs. The report stresses the

importance of capacity-building for social partners, cross-country exchange of best practices, and sector-specific adaptation of bargaining strategies. Strengthening these dimensions is seen as essential not only for improving working conditions but also for enhancing the resilience and adaptability of the European services sector in the face of economic, technological and environmental transformation.

## Undeclared work in the services sectors

Beyond formal regulations in the services sector, the BARSERVICE project examined available evidence on undeclared and under-declared work, which remains a persistent, structurally embedded challenge across service subsectors in Europe. Despite differences in institutional settings and labour-market traditions, the extent and acceptance of undeclared work continue to undermine labour standards and collective bargaining. There are no systematic sector-specific data available on the prevalence of undeclared work; and the lack of a universally accepted definition across EU Member States further complicates measurement, regulation and enforcement.

Although many countries have recorded a gradual decline of undeclared work over the past decade, this trend is uneven: Romania and France have seen increases, while others report modest reductions. Under-declared work and bogus self-employment remain significant, particularly in Italy and Central and Eastern Europe. Undeclared work is most pronounced in personal and household services, especially care, while commerce is vulnerable due to small firm size, cash-based transactions and limited inspection coverage. The finance sector is generally at lower risk due to stronger regulation, though risks persist through misclassification and underreported working time. In publishing, widespread self-employment, project-based work and weak social protection create indirect pathways to informality.

The care sector represents the most critical area of concern. Undeclared care work is widespread and socially normalised, involving millions of workers—predominantly women, migrants, and older workers. Limited access to formal care, high costs, and legal barriers intersect with labour-market exclusion, reinforcing a shadow care economy that distorts public planning and perpetuates the undervaluation of care work. Platform-mediated care and cross-border mobility further complicate regulation.

Responses to undeclared work depend on cooperation among labour inspectorates, tax authorities, social security institutions, social partners, and NGOs. Enforcement relies increasingly on risk-based inspections and digital tools but remains constrained by limited resources, fragmented mandates, and restricted access to private households. Trade unions and employer organisations contribute through awareness-raising, collective bargaining, and support for formalisation, while NGOs play a crucial role in reaching vulnerable workers, especially migrants. Effective policy responses must integrate prevention, incentives for compliance and deterrence, alongside stronger labour inspection, inter-agency cooperation, worker voice and access to social dialogue. Overall, undeclared work in services remains insufficiently mapped but deeply rooted in institutional gaps and labour-market transformations, requiring sustained political commitment and coordinated multi-actor action.

## Sector-specific recommendations towards smart bargaining

### ○ Care

- **Expand collective bargaining coverage to include underrepresented groups**, especially informal, private-sector and domestic workers. This is essential for achieving equitable labour conditions, particularly for vulnerable home-based caregivers who often face undeclared work and limited legal protections.
- **Invest in stable public funding mechanisms** to support negotiated wage increases and improved working conditions. Addressing the chronic underfunding of care services is essential, as this constraint limits budget flexibility for wage increases. Systemic funding reforms are also necessary to attract and retain workers.
- **Address workforce fragmentation.** Reinforce legal and institutional frameworks to facilitate social dialogue and sectoral collective bargaining. Implement stronger legal requirements for sectoral bargaining and introduce mid-level bargaining structures that include small private providers and non-unionised workplaces, ensuring comprehensive coverage across fragmented care sectors.
- **Support capacity-building initiatives for union leaders and employers**, emphasising trust-building and effectiveness to transform negotiations into productive dialogues that deliver sustainable agreements. Incorporate gender-sensitive topics into bargaining processes for recognising the feminisation of care work and its impact on wage structures and career progression opportunities. Integrating digital tools and innovative bargaining methods is essential to address shifting workforce dynamics and maintain effective collective bargaining in the care sector.

### ○ Commerce

- **Fostering trust and social dialogue between employers and trade unions.** Promoting a culture of open dialogue and cooperation can help move bargaining from a conflictual to a constructive process. Social dialogue platforms, joint training sessions, and shared data on sectoral developments can strengthen transparency and mutual understanding.
- Strengthening cross-national cooperation among trade unions across borders can enhance bargaining leverage and ensure fairer outcomes across supply chains, especially when dealing with multinational corporations active throughout the region.
- **Adapt legal and institutional frameworks.** Legal environments have a key role in shaping collective bargaining. Governments should ensure that labour legislation supports collective bargaining.
- **Extending bargaining coverage** to non-unionised, part-time, and atypical workers to achieve fair labour standards. Integrating innovative bargaining topics into collective agreements such as sustainability, digital upskilling, and flexible work arrangements within collective agreements.

- **Leverage digital tools to reach all workers.** The increasing digitalisation of the commerce sector requires new approaches to organising and bargaining. Investing in secure, accessible online bargaining and consultation tools can enhance inclusivity and participation, particularly for younger and platform-based workers.

## ○ Finance

- **Improving sectoral coordination between company-level agreements.** One way is that sectoral agreements set standards for working conditions, and individual companies negotiate wages at the company level. Developing sectoral standards for local representation that provide union representatives with the necessary resources and time to build capacity for coordinated bargaining at higher levels. Reforming legal frameworks to promote and support effective collective bargaining at the company level.
- **Strengthening trade unions and employee voice.** Strong trade unions are an important precondition for strong bargaining. Offering additional benefits, including training programmes, legal support, and other services, can help unions attract and retain members. At a company level or as a legal requirement, a “solidarity fee” is deducted directly from all employees' wages to cover part of the cost of collective bargaining. Employee participation could be raised by more inclusive decision-making, for example, through committees on different topics such as gender equality or health and safety.
- **Expanding the bargaining mandate of employers' organisations.** Imposing legal obligations on employers' organisations to hold a bargaining mandate would address existing barriers to coordinated sectoral bargaining.
- **Having ongoing dialogue for trust building between social partners** independent from the collective bargaining rounds. Building international solidarity through European and global union federations that can facilitate broader coverage, improved outcomes, and more strategic approaches to collective bargaining.

## ○ Publishing

- **Promote sectoral bargaining.** Introduce and mandate sectoral agreements in countries where decentralised company-level bargaining currently dominates. Sectoral agreements provide a unified framework necessary given the small size of most publishing companies. Utilise the EU Directive on Adequate Minimum Wages to create national action plans to systematically promote collective bargaining.
- **Strengthen social partners' capacities.** Build trust between social partners through regular, good-faith dialogue platforms and mediation, fostering a sustainable culture of negotiation. Reform legal thresholds for union recognition to facilitate collective bargaining. Encourage employer engagement in the collective negotiations by offering incentives, such as tax breaks and grants, and additionally, give a legal mandate for negotiations for employer organisations to encourage employers to form employers' organisations.

- **Include atypical employment in collective bargaining.** Update collective agreements to reflect new realities, specifically revising job classification and qualification systems to account for digital roles and freelance work. Expand union membership to include freelancers, part-time, and temporary workers. This would also strengthen unions' representativity.