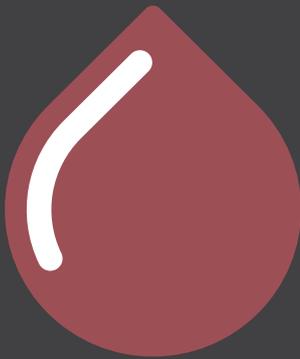




The Position of Workers in the Serbian Automotive Industry



Belgrade, 2024



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Authors:
Bojana Tamindžija
Vladimir Simović

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Interviews with workers conducted by:
Tanja Vukša, Darko Vesić, Bojana Tamindžija, Vladimir Simović

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Translation:
Rebecca Duras

Design and Layout:
Miladin Miletić, Ivan Gošnjak

Proofreading:
Hristina Piskulidis

Photographs by:
Vojislav Gelevski / GIZ

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Introduction

The post-socialist transformation implemented in the region of Central and Eastern Europe during the last decade of the 20th century brought the economies of these countries into a structurally subordinate position within the framework of the global market. The inflow of foreign capital in the form of foreign direct investment was presented as a key factor in the transition of these economies towards capitalism. Foreign direct investment contributed to a rise in employment and played a significant role in the economic development of the region, but it also resulted in an increased dependence on foreign capital. Thus, the economy depends on subsidies and other incentives so it can attract foreign companies to transfer part of their production to this region.

Such a context creates a specific relationship between the countries of the periphery which are trying to strengthen their economies, big international corporations that set the conditions of production and distribution, and their network of suppliers and subcontractors that are fighting for their part of the market. In these conditions the flexibilization of labor and low wages become important factors for attracting foreign investment and inclusion in global supply chains.

Multinational corporations, which have a large impact on the global economy, are faced with growing initiatives and demands from trade unions and the civil sector on both the local and global level for the implementation of binding legislation that regulates commercial practices. The goal of these acts is to control the cross-border business of multinational corporations and oblige them to respect worker's rights, standardize labor conditions, and follow ecological standards for corporate sustainability. In late April, the European Parliament adopted the *EU Corporate Sustainability Due Diligence Directive* which must be transposed into the national legislation of the European Union member states. Meanwhile, individual countries such as the Netherlands, France, and Germany already have laws that apply mainly to large companies that do business in the aforementioned countries.

This study was formed within that context, above all from the need to present the labor conditions in the automotive sector (in the broadest sense of the term), which makes up a significant portion of Serbian economy, and which is integrated into the supply chain of multinational corporations. The study should provide an insight into the state of labor rights and the position of workers, as well as encourage dialogue between workers' representatives and employers, with the purpose of improving business operations, which would benefit everyone in the long term. Additionally, the study presents an insight into the life of workers and their perception of the conditions in which they work.

The results of the study show that there are serious challenges in terms of working conditions, but also show the fields in which progress through the cooperation of all stakeholders is possible. A supranational legislation regulating the operation of multinational corporations indicates that shifting responsibility from the companies to the states and subcontractors will not be possible for much longer.

Investing in better working conditions, more rational use of resources, and environmental protection are the necessary first steps towards corporate sustainability, and adequate salaries for all workers along the supply chain are key to achieving long-term sustainability.

In a world where economic efficiency is achieved by lowering the costs of production, it is necessary to think through approaches that provide long-term protection for natural resources and allow a higher standard of living for all workers.

The Automotive Industry in Serbia Then and Now



Serbia's automotive industry began to develop under the Socialist Federal Republic of Yugoslavia (SFRY) beginning in 1953, when, due to a decision made by the workers, *Zavodi Crvena Zastava* (Red Flag Factories) from Kragujevac reoriented itself towards manufacturing passenger vehicles. By the next year, Zastava bought a license from the Italian company FIAT and production on the 600D model, better known as "Fića", along with a few other models of passenger automobiles manufactured according to FIAT's license, begins in Kragujevac. In 1962, due to the need for increasing production capacity, FIAT invested significant resources in modernizing production, and *Crvena Zastava* gets a new manufacturing plant and becomes "one of the most modern manufacturers of vehicles in Europe"¹ with a manufacturing capacity of 32,000 vehicles annually. The manufacturing capacities of Zastava increased quickly—it is important to mention that in a period of 15 years, production increased from 386 vehicles annually to nearly 67,000 vehicles in 1969.² Zastava's business success was a kind of generator for the entire Yugoslav automotive industry because of the wide network of subcontractors which Zastava developed from the very beginning. Over 100 companies in the country were manufacturing automotive parts in 1980, and approximately 1000 more were involved in the supply of raw

materials and other materials for the automotive industry.³ Besides the cooperation with FIAT, Zastava had well-developed collaborations with the Polish motor industry (since 1966) and with the Soviet automotive industry (since 1970). Through the parent factory, many subcontractors were included in international collaboration.⁴

The rapid development of Zastava would not have been possible without the liberalization of relations between Yugoslavia and the West which created the possibility for cooperation with FIAT, or without the decision of the state to create favorable conditions for the development of the automotive industry. On the other hand, FIAT used the specific position of Yugoslavia in the Cold War as a way to get to eastern markets through Kragujevac. From the 1960s, Zastava's models were sold in 75 countries, covering markets in Third World countries, Eastern and Western Europe, and of the total 4.5 million vehicles which were manufactured in Zastava until 2008, around 650,000 were placed in international markets.⁵

The expansion of automotive manufacturing in Zastava, which began in the 1950s practically from nothing, without a preceding tradition and with very limited experience,⁶ developed in a

1 Miljković, M., 2020, „Škoda i Crvena zastava: Razvoj automobilske industrije u Čehoslovačkoj i Jugoslaviji do sredine 1960-ih godina (Škoda and Crvena Zastava: Development of the automotive industry in Czechoslovakia and Yugoslavia until the mid-1960s),” in *Izazovi izučavanja ekonomske istorije u Srbiji*, ed. Vesna Aleksić, Aleksandar Matković, Marko Miljković, Beograd, Institut ekonomskih nauka, p. 153.

2 Ibid., p. 152.

3 Jugoslovenska privreda, Poslovni vodič 1980, p. 912.

4 Jugoslovenska privreda, Poslovni vodič 1980, p. 912.

5 Vučković, B., 2018, „Jugo” otišao u istoriju, Radio Slobodna Evropa, available at: <https://www.slobodnaevropa.org/a/1348682.html>.

6 Miljković, M., 2020, „Škoda i Crvena zastava: Razvoj automobilske industrije u Čehoslovačkoj i Jugoslaviji do sredine 1960-ih godina (Škoda and Crvena Zastava: Development of the automotive industry in Czechoslovakia and Yugoslavia until the mid-1960s),” in *Izazovi izučavanja ekonomske istorije u Srbiji*, ed. Vesna Aleksić, Aleksandar Matković, Marko Miljković, Beograd, Institut ekonomskih nauka, p. 153.

relatively short period from the simple assembly process into the autonomous manufacture of all components and unique design of its own models.

The rapid growth was accompanied by further plans for expanding capacities, but economic and political conditions made it impossible to develop the factory according to plan. Already by the 1970s, there was an economic crisis caused by external and internal factors.⁷ The project “Yugo-America,” which was the last hope to raise production again in the 1980s, was thwarted by competition that arrived on the American market parallel to Zastava’s models that was equally cheap, but of better quality. The production of 300,000 vehicles annually, which was projected in the third phase of Zastava’s development, was never achieved. The record number of 230,000 manufactured automobiles was recorded in 1989,⁸ only for 30,000 workers to be fired three years later, and for there to be only 5,500 automobiles recorded in production in 1994. The quick disintegration of Yugoslavia, marked by war, also meant the disappearance of the big Yugoslav market, and the economic sanctions against the Federal Republic of Yugoslavia (FRY) completely paralyzed the entire economy at the time. Zastava suffered an additional blow in 1999 when the NATO bombings of FRY destroyed over 120,000 m² of the factory’s manufacturing capacity, whose total damage was evaluated at over 900 million Deutsche Marks.⁹ Zastava’s plants were partially renovated later, and the factory continued working until 2008 with a minimal volume of production, when FIAT became the majority owner, with a share of 70%. The arrival of FIAT in Serbia represented the continuation of the automotive industry’s development after nearly two decades of discontinuity in a completely changed economic and political context.

While in the 20th century automotive manufacturing mostly relied on a network of suppliers at the national level, in the last three decades the manufacturing of automobiles is more and more globalized, and stiff competition compelled automotive

giants to invent new strategies to keep the costs of production as low as possible.¹⁰ Since the 1990s, the automotive industry has used the opportunities in opening new markets to increase sales, while at the same time fighting for a competitive edge by shifting manufacturing to less developed countries that are located close to the rich markets of North America (Mexico) and Western Europe (the former socialist countries of Central and Eastern Europe).¹¹ For the giants of the automotive industry, the fall of the Eastern Bloc meant the activation of a new manufacturing region with low costs of manufacturing in the direct vicinity of the Western European market.¹² The existing state-owned factories of the former socialist economies were not competitive in new market conditions without large investment, and they became an easy target for multinational corporations in the automotive sector. The governments of countries in Central and Eastern Europe encouraged the rapid sale of everything that could be sold, and foreign direct investments were considered key factors for economic development and the implementation of a successful transition into capitalism. In the last decade of the 20th century, the countries of Central Europe recorded the biggest inflow of foreign direct investment in the automotive sector. Romania followed this trend at the beginning of the 2000s, and the purchase of Zastava by FIAT, at the end of the first decade of the 21st century, finally completed the takeover of the automotive industry in formerly socialist states by foreign multinational corporations, and their integration in the supply chains of giant automobile manufacturers.¹³

Besides the takeover of existing automotive plants, the development of the automotive industry in Central and Eastern Europe continued through investment in new plants for assembling automobiles whose administration would stay based in the core countries. The opening of new assembly plants was accompanied by the arrival of main foreign suppliers for manufacturing basic and other components, who were attracted by the low costs of production as well as proximity to the companies for which they manufacture.¹⁴



7 The energy crisis, an increase in Yugoslavia’s foreign debt, the decline in the citizen’s purchasing power as well as the reorganizing of businesses according to the new Constitution and legislation.

8 Stated in <https://web.archive.org/web/20120910054405/http://www.zastava-automobili.com/sr/istorijat/istorijat.htm>

9 Stated in <https://web.archive.org/web/20120910054405/http://www.zastava-automobili.com/sr/istorijat/istorijat.htm>

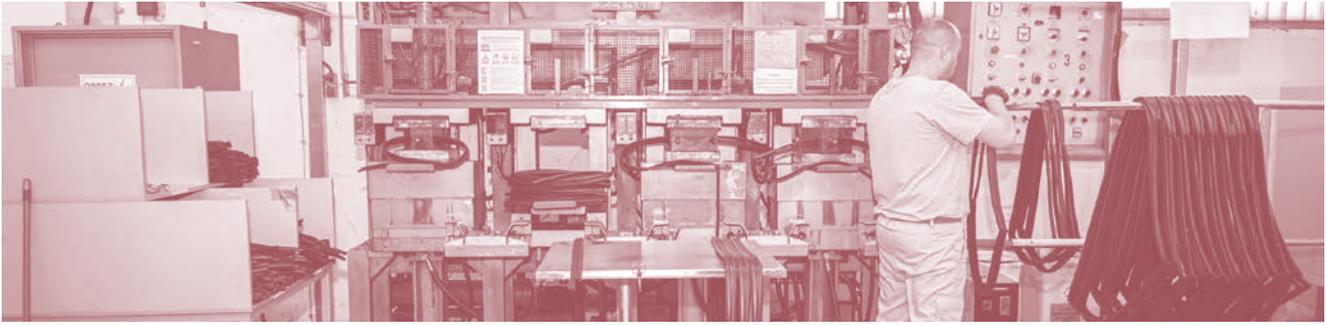
10 Pavlínek, P., 2015, “Foreign direct investment and the development of the automotive industry in Central and Eastern Europe”, in *Foreign investment in eastern and southern Europe after 2008. Still a lever of growth?*, ed. Béla Galgóczi, Jan Drahokoupil and Magdalena Bernaciak, Brussels, European Trade Union Institute, str: 209-255

11 Ibid.

12 Ibid.

13 Ibid.

14 Ibid.



In that way, the arrival of FIAT meant a turning point in the (new) development of the automotive industry in Serbia. In exchange for big investment incentives and tax breaks, FIAT invested around one million euros in the modernization of the factory. Even though production in Kragujevac fluctuated widely from the beginning and never reached its full capacity, the arrival of FIAT attracted other big foreign suppliers in Serbia, so investment in the industry in 2014 amounted to about 1.7 billion euros.¹⁵ For such rapid development, a key role was played by the big investment incentives given by the country of Serbia, which started at 70% of total investment for small enterprises to 50% for big companies.¹⁶ Besides the incentives, the low cost of labor was the most important factor which attracted and continues to attract foreign companies. For example, in 2013, the average wage of an assembly line worker in Kragujevac was just one third of the equivalent salary in FIAT's factories in Poland.¹⁷

However, while the countries of Central Europe were able to join the global supply chain through the manufacturing of automobiles and complex components during the wave of the biggest investments, Serbia was behind due to sanctions and decades of isolation. Besides FIAT, whose manufacturing has been suspended since 2020, most factories who are part of the global supply chain of the automotive sector manufacture secondary components with labor-intensive manufacturing processes and a low quantity of value added, such as cables, tires, windshield wipers, seat covers and other metal and plastic components.¹⁸ The Serbian Development Agency (*Razvojna agencija Srbije – RAS*) points out that strategies for development and attracting foreign investment in the sector led to the gradual arrival of more complex manufacturing and companies oriented towards the high-end market, citing the business of Bosch, Continental, Michelin, and Johnson Electric.¹⁹ However, if one looks at the subsidies and incentives that Serbia offers foreign companies, it is clear that the competition in the region (and the world) is high, and that multinational companies are able to dictate conditions and shape the economy in economically dependent countries that compete in a “race to the bottom” to satisfy foreign investors.

The primary characteristics of the automotive industry in Serbia, as in the other countries of Central and Eastern Europe, remain the dependency on foreign capital and a limitation to routine assembly operations, a limited possibility of spillover to domestic companies, and a structurally defined subordinate position which, in the existing order, is impossible to exit.

This rings particularly true if we have in mind that the difference in salaries between the home countries of the companies and the countries of Central and Eastern Europe are the basic driver of foreign direct investments and that low salaries are a key factor in lowering the costs of production.²⁰

¹⁵ Radić, N., 2019, *Strane direktne investicije kao katalizator ekonomskog rasta: Slučaj automobilske industrije zemalja centralne i Istočne Evrope (Foreign direct investments as a catalyst for economic growth: The case of the automotive industry in the countries of Central and Eastern Europe)*, doctoral dissertation, Fakultet poslovne ekonomije, Sremska Kamenica, p. 103.

¹⁶ Source SIEPA, 2014, cited in Nikola Radić, *Strane direktne investicije kao katalizator ekonomskog rasta: Slučaj automobilske industrije zemalja centralne i Istočne Evrope (Foreign direct investments as a catalyst for economic growth: The case of the automotive industry in the countries of Central and Eastern Europe)*, Fakultet poslovne ekonomije, Sremska Kamenica, p. 103

¹⁷ Pavlínek, P., 2015, “Foreign direct investment and the development of the automotive industry in Central and Eastern Europe”, in *Foreign investment in eastern and southern Europe after 2008. Still a lever of growth?*, ed. Béla Galgóczi, Jan Drahokoupil and Magdalena Bernaciak, Brussels, European Trade Union Institute, str: 209-255

¹⁸ Serbian Development Agency, 2023; *Automotive Industry Serbia 20.23: Time to Advance*, Belgrade, RAS, p. 26.

¹⁹ *Ibid*, p. 26.

²⁰ Radić, N., 2019, *Strane direktne investicije kao katalizator ekonomskog rasta: Slučaj automobilske industrije zemalja centralne i Istočne Evrope (Foreign direct investments as a catalyst for economic growth: The case of the automotive industry in the countries of Central and Eastern Europe)*, doctoral dissertation, Fakultet poslovne ekonomije, Sremska Kamenica, p. 103.

General Characteristics of the Sector

The global supply chains of the automotive industry are complex and include the manufacture of components that are not just geographically dispersed throughout the world, but also permeate different sectors. Concretely in Serbia, the manufacturing of automobile parts includes a wide range of activities. They include manufacturing motor vehicles and parts for motor vehicles, but are also listed under the codes of activity that fall under the fields of manufacturing textiles, aluminum, plastic items, casting steel and other metals, etc. In that sense, it is not easy to separate out a unified set of data that would include all manufacturing connected to the automotive industry.

If we would define the automotive industry according to existing codes of activity, we would include in it the corporations and entrepreneurs that operate under:

1. Manufacturing motor vehicles
2. Manufacturing tires for vehicles, retreading tires for vehicles
3. Manufacturing chassis for motor vehicles, trailers, and semi-trailers
4. Manufacturing electric and electronic equipment for motor vehicles
5. Manufacturing other parts and additional equipment for motor vehicles

Still, there are a significant number of corporations and entrepreneurs that operate in the supply chain of big automobile companies but are not registered in one of these clusters. For example, some manufacturers of car seat covers are classified in the textile industry, specifically under the *manufacturing of non-woven fabrics and products made of it, except for clothing*. Some companies conduct only one segment of their manufacturing as part of the automotive industry, and besides that manufacture similar goods which have applica-

tions in other sectors. Besides traditional industrial manufacturing, the modern automotive industry includes companies that are classified under *computer programming*. Some of these companies also operate on the territory of the Republic of Serbia, making software for the automotive industry.²¹ With all this in mind, we can conclude that extracting data related to the operation of all companies that function as part of the automotive industry, understood as a wide network of manufacturers of motor vehicles and all parts necessary for the manufacture of automobiles, is very challenging.²²

To get data that would portray the automotive industry in Serbia with as much credibility as possible, we contacted the Serbian Chamber of Commerce (*Privredna komora Srbije – PKS*) with a request for data about companies that operate under the aforementioned codes of activity, from which we can directly see that they are involved in the manufacture of motor vehicles or components for motor vehicles. To that list, we added 20 companies that are registered under other codes of activity,²³ and which the Serbian Development Agency (*Razvojna agencija Srbije – RAS*), Vojvodina Development Agency (*Razvojna agencija Vojvodine – RAV*), and Serbian Automotive and Mobility Cluster (*Automobilski klaster Srbije – AKS*) list as companies that operate under the automotive industry.²⁴

On the basis of the data received from PKS we can conclude that in 2023, under five activities explicitly tied to the manufacturing of motor vehicles and vehicle parts, there were 298 companies and 280 entrepreneurs registered, while the year prior there were 305 corporations and 253 entrepreneurs. The most registered legal persons, as much as two thirds, were registered under the code of activity *manufacturing other parts and additional equipment for motor vehicles*.

In terms of the number of employees, in corporations that operate under the framework of five activities explicitly tied

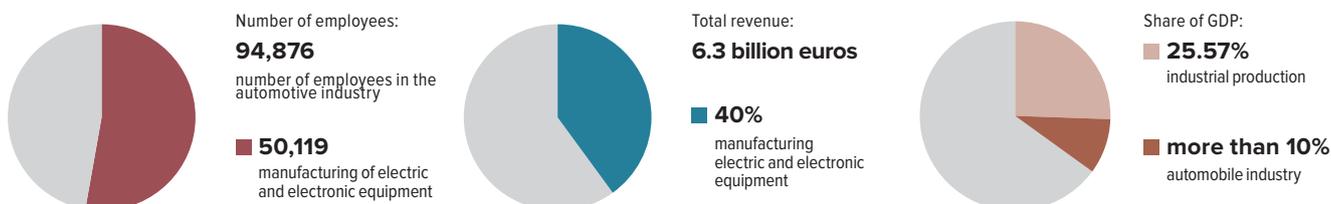
²¹ Still, in this study we didn't touch on this sector, focusing on the traditional industry only. One of the main reasons for that is the fact that labor conditions in the traditional industry are significantly worse than those in the IT sector, and that the traditional industry employs a significantly larger number of people.

²² One of the more exhaustive lists of companies that operate as part of the automotive industry is possible to find under the site of the Serbian Automotive and Mobility Cluster. See more: <https://www.acserbia.org.rs/klanice/>

²³ The activities for these companies include the following: engineering activities and technical counseling; manufacturing equipment for connecting wires and cables; manufacturing additional electric and electronic conductors and cables; manufacturing equipment for distributing electric energy and equipment for managing electric energy; manufacturing electronic elements; manufacturing other rubber products; manufacturing other plastic products; casting light metals; casting steel; aluminum manufacturing; processing and coating metal; machine processing of metal; manufacturing lighting equipment; manufacturing of non-woven fabrics and products out of it, except for clothing; manufacturing ready-made textile products, except for clothing.

²⁴ See more in RAS's publications: <https://ras.gov.rs/uploads/2023/08/automotive-2023-small-3.pdf>; <https://ras.gov.rs/uploads/2021/12/ras-electronics-small-2.pdf>; and on RAV's site: <https://rav.org.rs/sr/key-sectors/automotive-industry/>

to the manufacturing of motor vehicles and vehicle parts, we can conclude that there were in total 73,619 employees based on financial reports for 2022. To this number, we can add 21,257 people employed in 20 companies of the automotive industry that operate under other codes of activity, which brings us to a total number of 94,876. According to the data we got from RAS, on the basis of a request for access to information of public importance, the automotive industry employed around 97,000 workers in 2022. Even though we had no insight into RAS's methodology, we assume that the data this institution has access to is credible. Thus, we can state that the coverage we got from combining the companies that operate under the five activities explicitly tied to the manufacture of motor vehicles with the 20 additional companies that record their business under other activity codes, but manufacture components for the automotive industry, accurately portrays the state of the sector. In 2022 most people were employed in those companies that manufacture electric and electronic equipment for motor vehicles—50,119—that is, more than half of the total number of those employed in the scope of the automotive industry.



Throughout the year 2022 these companies combined achieved a total revenue of over 6.3 billion euros, of which 40% was achieved in the manufacturing of electric and electronic equipment for motor vehicles, and 24% in the manufacture of vehicle tires. If we look at the data from RAS's publication, in 2021 the total value of production in the sector was just under 4.9 billion euros, and that year the manufacture of cables and tires convincingly led the way in business revenue. Thus in 2021 the value of this sector was just over 9% of the total GDP of the Republic of Serbia, and in 2022 it was over 10% of the GDP. If we keep in mind that the total share of industrial production in the GDP in 2023 was 25.57%, we get a more complete idea of the importance of the automotive industry for the Serbian economy.²⁵

Based on the combined data received from PKS and 20 additional companies in the automotive industry, we can see that the total achieved net gain in the sector in 2022 amounts to 201 million euros, while the net loss is 491 million euros. The biggest loss materialized in the activity *manufacturing motor vehicles*, of 315 million euros. If we exclude this segment of the industry, which significantly skews the actual situation,²⁶ we can conclude that the sector as a whole operates positively.

When looking at exports, on the basis of the data received from PKS for the five activities directly connected to the manufacturing of motor vehicles and vehicle parts, we see that in 2022 goods were exported at a value 3.26 billion euros, and in 2023 at 2.72 billion euros. Thus, in 2022 this sector's exports made up 11.8% of total exports in the Republic of Serbia, while in 2023 it made up 13%. Of course, as we mentioned earlier, these five activities do not include all companies that produce within the automotive industry, so these numbers in practice are even larger.

Year	2021	2022	2023
TOTAL RS	21,620,826	27,604,715	28,595,755
Manufacturing motor vehicles	418,407	262,322	252,954
Manufacturing tires for vehicles, retreading tires for vehicles	739,878	876,703	837,230
Manufacturing chassis for motor vehicles, trailers, and semi-trailers	84,534	73,386	84,238
Manufacturing electric and electronic equipment for motor vehicles	1,287,694	1,570,381	1,836,529
Manufacturing other parts and additional equipment for motor vehicles	246,683	480,018	716,139
Total sector	2,777,197	3,262,810	3,727,090
Sector's share in total exports of RS	12.84%	11.81%	13.03%

Table 1 – Exports, in 000 EUR. (Source: PKS, RZS)

The data received from RAS on the basis of a request for access to information of public importance state that the most goods were exported to EU countries, above all Germany. Additionally, according to RAS data, the biggest number of investments in the automobile sector also came from Germany.

²⁵ See more at: <https://www.statista.com/statistics/440654/share-of-economic-sectors-in-the-gdp-in-serbia/>

²⁶ This activity code also incorporates FAS, in which production is currently suspended and which accumulated a net loss of over 100 million euros in 2022, as well as parts of other companies that weren't successfully restructured during the transition period.

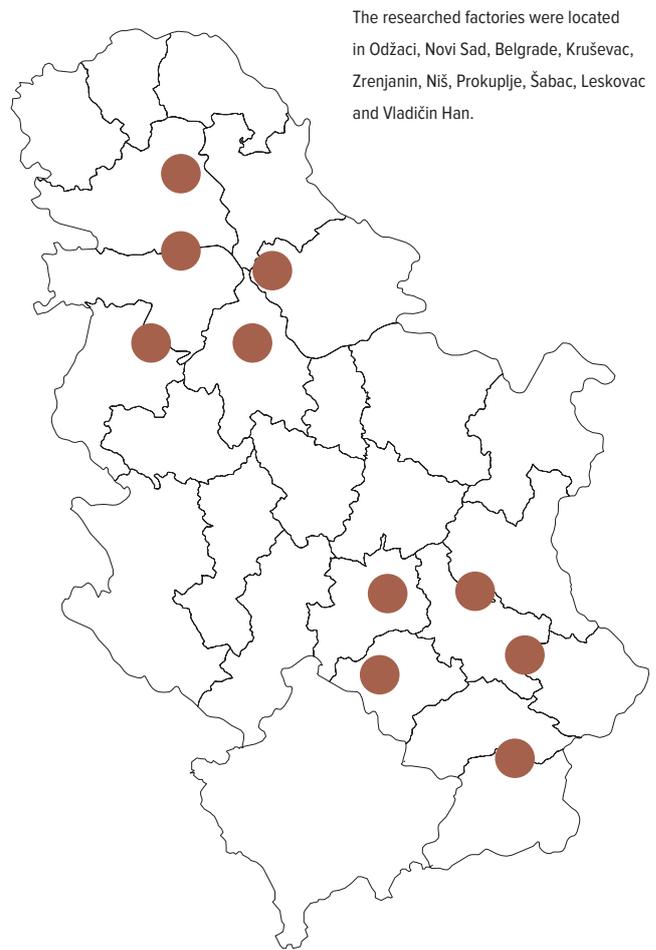
Field Research

The fieldwork portion of the study is based on in-depth interviews with workers employed in factories that produce within the supply chains of big automobile companies. A total of fifty interviews with employees who work in ten factories on the territory of the Republic of Serbia were conducted.

The choice of factories was made in order to show as comprehensive as possible a portrayal of the situation in the sector. In terms of diversity of production, factories that manufacture electric installations, cables, pneumatics, seat covers, hoses, and turbine housings were investigated. In terms of geographic distribution, we tried to evenly cover the territory of all of Serbia, taking into account that the study had both smaller and larger urban settings represented. The factories we studied are located in Odžaci, Novi Sad, Belgrade, Kruševac, Zrenjanin, Niš, Prokuplje, Šapac, Leskovac, and Vladačin Han. Thus, we included factories that operate in four out of the fifteen free trade zones established on the territory of the Republic of Serbia. Additionally, when choosing factories our goal was to include companies that come from different countries, so two are headquartered in the United States of America, two in China, two in Germany, and one each in Turkey, Japan, Ireland, and Canada. In terms of the number of employees, we selected large companies that employ between 1,500 and 4,000 workers in their plants.

The selection of respondents was not achieved through contact with the companies, so we could protect their anonymity, and receive answers that are not weighed down by the suspicion that they will affect their employment status or position in the factory. Even with a guarantee of anonymity, it was not easy to find respondents. One can say that among employees there is present a fear that, if they speak about the situation at their workplace, it will negatively affect their status in the factory. Assurances that the survey is completely anonymous and that there is no way that their supervisors will be in a position to find out their identity was not enough for some workers. We found some respondents through contacts that were shared with us by unions, and we found the rest through our network of collaborators, personal acquaintances, and direct recommendations by employees themselves.

Looking at gender, women and men are equally represented among the respondents. The average age of the respondents was 37. The oldest person interviewed was 56 at the moment of the interview, and the youngest was 22. Out of fifty respondents, the vast majority had secondary school qualifications, four workers had a university diploma, four had finished junior college, and one had only finished elementary school. Among the respondents, most were workers who worked as production operators. Production leaders, quality control workers, warehouse workers, and production trainers were also interviewed. Half of the respondents are members



of a union, although we must mention that in one of the factories the union doesn't even exist because, as the workers say, union organizing is banned.

The interviews were conducted in October and November 2023. In-depth structured interviews were conducted with the workers, which included 250 questions divided into nine segments: introduction, general information about the factory, employment practices, working hours, salary, health and safety at work, union organizing, labor law, and concluding thoughts. In the following section we will show the situation in the factories, how the people who work there see it.

All of the factories operate as suppliers for big automobile manufacturers, more specifically for the following companies (according to representation): five factories manufacture for BMW, Mercedes Benz, four for Volkswagen, three for Porsche and Ford, two for Audi, Škoda, and Fiat, and one each for Daimler Truck, MAN, Volvo, Jaguar, Suzuki, Renault, Peugeot, Toyota, Continental, Vitesco, and BorgWarner.

General Information

Respondents estimate that more women than men work in their factories. Although the workforce is mixed by age, the estimate is that most workers are between 35 and 45 years old.

The vast majority of respondents never had previous work experience in this sector, nor does their vocational education match their current work position. Almost all went through a workplace onboarding training which was paid. The training lasted an average of 15 days, although there were cases where it only lasted one day. The longest training, according to the testimony of the workers, lasted for three months, but in their responses, they indicated that part of that time they were only formally in training, while in practice they were already performing regular production tasks. Shortening the training time is a problematic practice, because it raises the question if the workers are truly adequately trained for the tasks that are in their job description—that is, if this practice also endangers employee safety. On the other hand, **this shows us that in the factories studied, and one can say in the entire sector, unskilled jobs are most represented.**

Practically all respondents assert that production in the factories is not organized adequately. A small portion of the respondents believe that the organization of production is well thought out, but that the problem is that the management doesn't know to put it into action. The dominant position is that the factory administration practically never consults workers concerning the organization of production. In rare cases, when that happens, respondents believe that their suggestions and proposals are not respected, that is, they are consulted just a matter of form.

The broad impression is that workers generally feel unvalued, unimportant, invisible, and unrecognized. It is particularly important to keep in mind that the *Rulebook on the rules of conduct of employers and employees concerning prevention and protection from harassment at the workplace* very explicitly states that the employer must “allow employees the right to state their opinion, positions, and suggestions in relation to job performance, as well as allow their opinions to be heard.” The same rulebook lists other behaviors that can lead to the violation of an employee's professional integrity, including unjustified constant criticism and belittling the results of an employee's work, as well as frequent changes of work tasks.

To the question if in certain factory sectors there is excess employment, most workers responded that there are no excess employees. Still, it is interesting that 19 out of 50 respondents believe that there is an excess, and specifically in management. On the question of workplace shortages, almost all respondents consider that there are not enough people working in production and that the existing number of employees cannot fulfill the given volume of production.

In case there truly is a worker shortage, and the worker's impressions are partially confirmed by the significant number of overtime hours which are characteristic of the whole sector, we could begin to talk about the violation of the stipulation of the Labor Law on overtime work, working hours, and health and safety at work, because a small number of employees cannot fulfill a given production quota within the working hours prescribed by law.



It can be less than two weeks, depends on the production needs, how urgently they need to let workers out of the education center.



The training is worthless, they show you something for one day and then send you to work.



In theory it's organized adequately, but in practice it's implemented through military discipline, as if people are doing the work for punishment.



There is no organization. I'm here for three years, we still don't know what we have to do when we come to work. We start one thing, then our bosses come and say we need to do something else, then a new installation comes in, we wait for an hour, and are delayed from the very start.



I even had a few suggestions that would make our work easier and reduce the number of mistakes, but nobody wants to hear it. They have a system that is easier for them, but there are defects on all sides, there isn't any quality. They tell you: 'it's not your job to get involved,' but the worker knows that job best.



There are excesses in management. There are useless positions which they impose for some reason. Leaders upon leaders, like one hundred superior functions.



There are excesses in management. There are useless positions which they impose for some reason. Leaders upon leaders, like one hundred superior functions.

Employment Practices



”

I was employed through the political party. I was forced to because before that I was told five times that I passed the tests, and they will call me. In the end I was told openly that I will get a job when I join the party. I went one Monday, signed up, and by Wednesday they already employed me.

”

Political patronage isn't the practice, more friends or family. Everyone who applies will be interviewed and can get a job, but if you will stay depends on if you have a connection.

”

Everyone knows who are the people that came thanks to their connections, and they usually are in better positions. Someone who got employed through a connection certainly isn't going to work on the line.

Almost all respondents have indefinite term contracts. According to their testimonies, company practices are that workers at first are employed on fixed-term contracts. They state that indefinite term contracts are offered at most after two years and depending on how the workers “prove themselves” and the factory, the indefinite term contracts can be concluded even earlier. Examples are rare, but they were given, of employees who after two years on a fixed-term contract did not receive an indefinite term contract, even though their position was not made redundant.

It is important to emphasize that article 37 of the Labor Law clearly defines the conditions under which the employer can conclude fixed-term contracts, and they are not positions from the company's regular activities. Therefore, concluding fixed-term contracts, which are not explicitly defined as a probation period which lasts a maximum of six months, for positions for which there is a permanent need, can be considered a misuse of the type of contract. Contrary to legal directives, in Serbia it has become common practice for fixed-term contracts to be tolerated, even by the Labor Inspectorate, no matter the basis on which they are agreed, as long as they do not go over the legal boundary of two years, which is a separate type of problem.

Temporary job contracts as well as agency employment are extremely rare.

The existence of some form of nepotism was reported in all factories, while in three factories political patronage hiring is present. In one of the factories, political patronage is connected to management or better paid positions, while in the other two factories it is present on all positions and affects the possibility of employment, advancement, and achievement of other types of benefits.

Working Hours

a. Overtime

All respondents work overtime. In most factories workers testify that on average they work 44 hours a week. This statistic is in line with Eurostat's findings, which show that workers in Serbia work the most in Europe, on average 43.3 working hours a week at their primary job in 2022. The EU average is 37.5 working hours a week.²⁷

The workweek depends on the volume of production. The buyer's orders in large part dictate the tempo and amount of overtime, so in one of the factories studied, when there were more orders from the buyer, the practice was to work twelve-hours shifts six days a week. In the same factory when there are not enough orders the volume of production is reduced and recently, workweeks last only 32 hours.

Extending the work day for an hour or two is common practice in the vast majority of factories, while Saturdays are often working days as well. Working on Sunday is rare. Half of respondents said that during a regular working day they

worked at most four overtime hours, for a total of 12 working hours. Only in two factories workers do not work overtime during regular working days. One worker reported that he worked two shifts in a row without a break, that is, a total of 16 hours. Overtime hours also depend on the position which the worker has in production, because in some positions it is physically impossible to work overtime due to the arrival of the second shift which has to take its place on the production line.

All respondents sometimes worked weeks that were at least 48 hours long, and over two thirds of them had worked weeks that were even longer than 48 hours. The longest reported workweek was 76 hours (12 hours each regular working day and 8 hours on Saturday and Sunday) then 72 (12 hours for six days) and 70 (12 hours Monday to Friday and 10 hours on Saturday). **Based on the respondents' responses, we can conclude that workweeks that are longer than 60 working hours are not rare.**

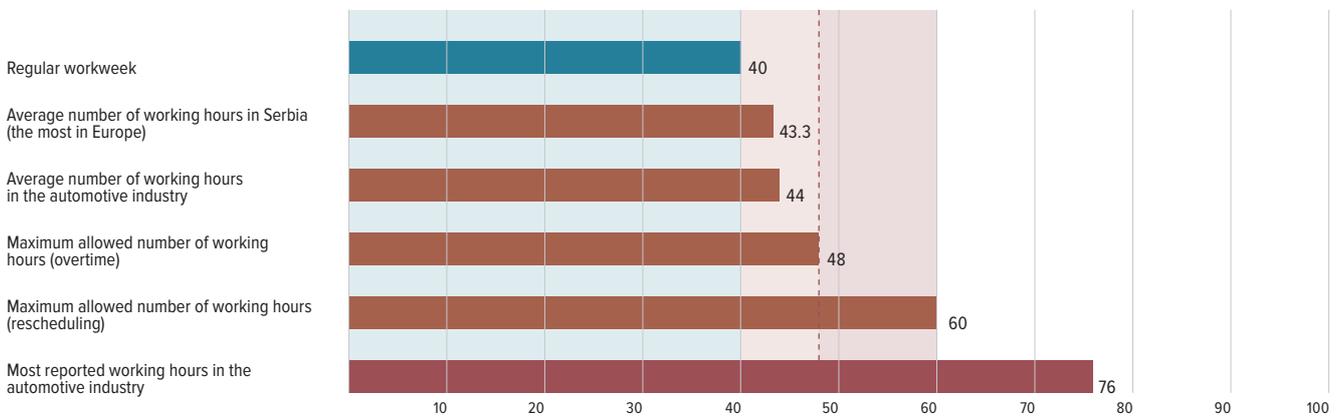
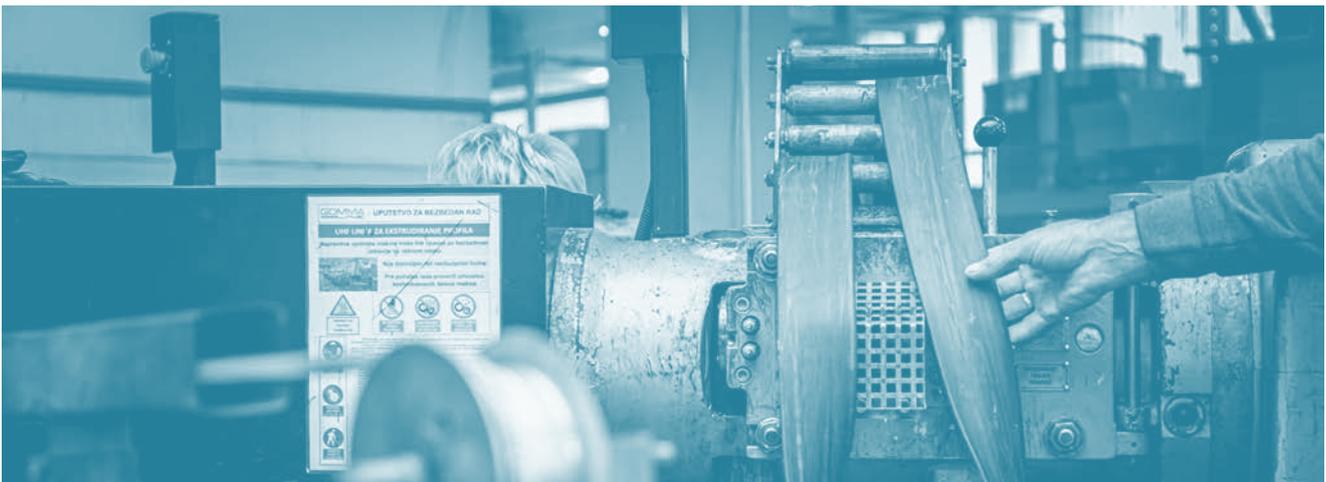


Image 2. – Length of the workweek

²⁷ See more: <https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20230920-1>

Article 53 of the Labor Law defines overtime as work that the employer implements “in case of force majeure, sudden increase in the volume of work, and in other situations where it is inevitable that one finishes an unplanned work within a given deadline.” If workers continuously, for several weeks or a month or more, are working longer than their full working time, that is, more than 40 hours a week, then it is justifiable to ask if this practice by the employers is lawful. Particularly indicative is the practice of working on Saturday which has become a settled form of overtime in all studied factories, even if one can justifiably ask if an entire working day can be considered overtime.

This method of regulating overtime is highly problematic, because its key characteristics—overtime work as urgent and unplanned—are called into question. In situations where overtime work is happening continuously and frequently, the employer has enough time to hire or contract new workers. Employees cannot be the ones bearing the burden of poorly organized production.

Even in cases of rescheduling of working hours, the workweek cannot be longer than 60 working hours, provided that in six calendar months the average working time of employees is no longer than the contracted work week, which is usually 40 working hours a week. Rescheduling working hours means that workers work longer in a certain period, and in another period shorter than their contract states. It is important to emphasize that workers, according to articles 66 and 67 of the *Labor Law*, have a right to a daily rest, which in continuity cannot be shorter than 11 hours, as well as a weekly rest in continuous length of at least 24 hours.

Still, most respondents say that their employer does not implement rescheduling of working hours. Only in two factories did respondents unanimously agree that their employer implements rescheduling. Here we must mention that the impression of the researcher is that respondents don't fully understand how rescheduling of working hours functions, so the answers must be taken with a dose of caution. On the other hand, even this misunderstanding of rescheduling of working hours on the part of the workers can be indicative. That is, it can suggest that employers don't adequately inform their employees about implementing rescheduling since most employees worked workweeks longer than 48 hours, or that employers break the law by holding employees longer than 48 hours without rescheduling working hours. **The employer must clearly and transparently enact and publish a decision about rescheduling working hours which has an explanation, as well as a defined period on which the rescheduling applies.** It is particularly important to point out that in one of the factories in which, according to the respondents, implemented rescheduling of working hours, they never work less than 40 hours a week, which would have to be the case. Generally, none of the respondents, except those employed in a factory which currently works at less than full time due to a lower volume of orders from buyers, mentioned that there were periods when they worked less than their contracted working hours throughout the interview.



We usually work 58 hours a week, it happens that for 3-4 months we'll work 10 hours every day and 8 hours on Saturday.



At first, we worked up to 12 hours, two years ago. Now we just work on Saturdays. How many Saturdays depends on the orders, but you can say that throughout the year there are more working Saturdays than free days, because production, due to the lack of people, is always behind. The management accepts more than we can actually do.



At first I worked every Saturday, and it happened that besides several Saturdays in a row, I also worked 3 Sundays in one month, which meant that I worked the whole month with just one day off.



We used to work 8 hours a day for seven days a week, but we don't do that anymore, there aren't that many orders. They asked for our consent, they said: you won't get your salary, you'll get fired. And that way they just absolve themselves of responsibility in case something happens to you during your 12 hours of work every day.



In 5 years of work I don't know if I've had 15 free Saturdays in total.



Before they said we are in rescheduling for 6 months, now for just a month, but every month all over again. But there is no reduction in capacity, the minimum is 40 hours.

Overtime working hours are usually paid additionally. All employers hold to the legal minimum, that is, workers are paid a salary 26% greater than the base salary for overtime. Most respondents estimate that their overtime compensation makes up, on average, about 20% of their monthly net salary, which speaks to the importance of earnings from overtime on a low contracted salary. Additionally, if the overall monthly net earnings are 20% increased by the overtime pay and keeping in mind the fact that none of the studied factories pays overtime more than the legal minimum, that means that most workers on average work the maximum number of overtime hours every month.

Practically, instead of hiring more workers, depending on the volume of work, and giving them appropriate compensation, employers keep a small number of employees in a dead-lock due to their low contracted salaries, giving them the option of additional earnings through overtime. In order to increase their income, workers usually accept working overtime, no matter how exhausting it is, even when the overtime goes over the legal maximum.

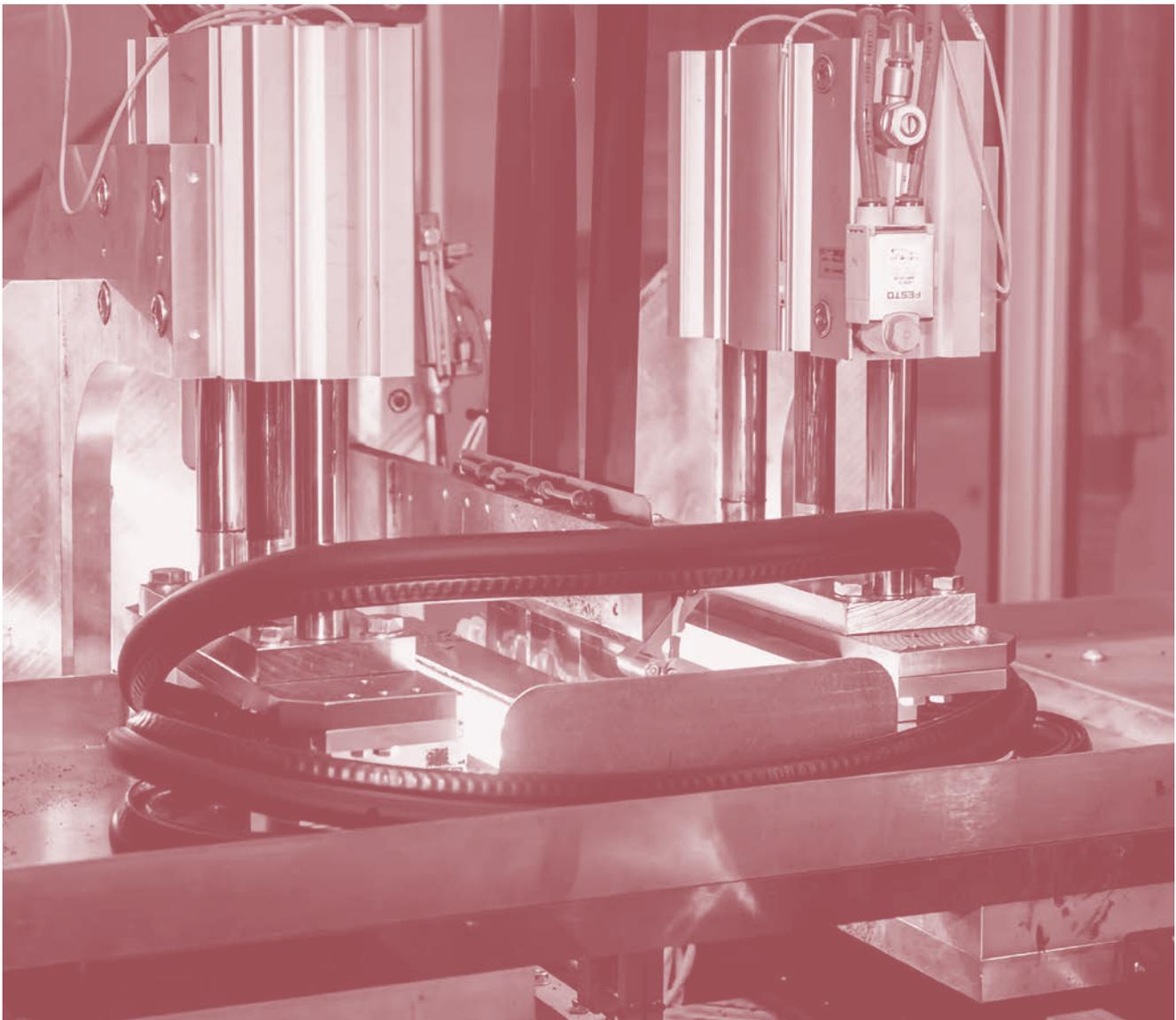
Working on holidays is also present, but, according to the workers, it is avoided because then the employer must pay out a salary that is 110% greater than the base salary. On the other hand, in factories whose buyers are German companies, it is common that they do not work during German holidays, because then there are no orders. Those days are taken away from a worker's vacation time.

”

We often work holidays, if buyer works or doesn't—we do.

”

We keep German holidays, not ours, just New Year's and Christmas. We don't work for St. Nicholas or on St. Michael the Archangel, but we make up for it later, because then there aren't enough people, so production gets paused.



b. Vacation Time



We don't choose the collective dates, we usually get around 3 days around New Year's, and the rest, supposedly, we can pick ourselves. However, when there isn't work, they usually tell us not to come and take a day out of our vacation time. Our vacation time even goes in the negatives.



They say they don't have a replacement and you can't take a vacation in that time.



Management puts together a list when each team goes on vacation. If you bring proof that you paid for a trip to the sea, then they'll try to accommodate you. But they usually demand that the whole team goes on vacation at the same time.

The number of days of vacation time which respondents have a right to ranges within the legally guaranteed frameworks, from 20 to 24 days, depending on the employee's years of seniority. In most factories vacation is either completely collective, divided between summer and winter, or half of vacation time is collective annual leave, and the other half the workers can formally decide when they can use. In practice, it is very difficult to get dates for vacation which workers choose themselves.

The *Labor Law* practically gives full control over regulating employee's annual vacation time to the employer even though, in Article 75, it is stated that the decision on using vacation time is made "with the preceding consultation of the employee." Based on our conversations with the respondents we can conclude that consultations are practically nonexistent. In certain companies the employer even called workers to come back from vacation to their workplace because of the increase in the volume of work, which is an illegal practice. Additionally, in some companies, when there is no work, employees are told not to come to their workplace, and those days are taken out of their annual leave. This practice as well is against the *Labor Law*. Namely, employees are informed a day or two in advance, even though an employer is obligated to deliver the decision on the usage of vacation time at least 15 days before the date decided as the start of the vacation time.

Most respondents say that they have a hard time getting a day off when they need it. Almost all respondents use their vacation time to take care of personal responsibilities which they are not able to attend to due to work. In many factories the respondents say that getting a day off depends on the mood of the supervisor. In just one factory all workers have a right to two days off per year to take care of personal responsibilities, but it is mandatory to bring proof (for example, a court order). Some workers take sick leave if they need a day off because that is a simpler solution.



I take sick leave when I need a day off because it's easier to get sick leave. Last time I took sick leave when I had a probate hearing.

The possibility of getting a day off during the workweek to manage private obligations that cannot be put off is very important to workers because of their chronic lack of time caused by their overload due to regular work, overtime, and additional work which many workers are forced to do in order to supplement the low earnings they receive at their contracted job. The chronic lack of time harms women in particular, who, in addition to their regular and side paid jobs, usually have the burden of housework, as well as caring for children, and for older family members in extended family households.



On paper you get two days for personal obligations, but only if you bring proof. Everything has to be announced in advance, even a death in the family.

c. Sick Leave

Above all, the testimonies of many respondents, who say that if they use their sick leave they are punished, is concerning. The most common punishment is withholding of attendance bonuses, but it also includes various types of pressure, workplace mobbing, threats of firing, transfers to more demanding positions, etc. All of the above can fall under workplace harassment.



With all this in mind, it is unsurprising that all workers indicate that their work exhausts them physically and mentally and that they don't have enough free time.

”

If you use your sick leave, they punish you psychologically. When you come back from sick leave, they purposefully transfer you to a different, harder position. There's abuse of power, retribution, dirty looks, you feel it all in the air.

”

I have heart disease and I fainted, but I didn't take sick leave, just paid leave. I only took sick leave the second time that I fainted.

”

It all affects the family, all the accumulated stress manifests at home. I spend all day on the phone to see if I get messages related to work. Millions of messages, you can't even rest at home. A prison camp would be better than this. You don't have time for family, or for anyone.

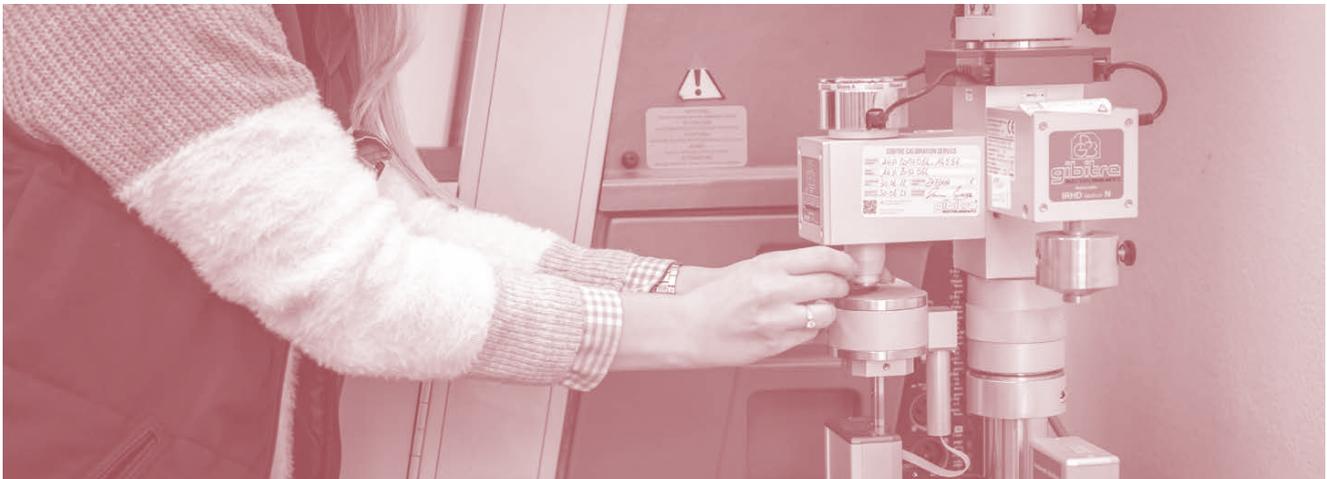
”

It is more exhausting mentally than physically. When I get home, I can't tolerate any noise, I want peace and quiet. In the company there is always pressure and tension, if not on us then on the line next to us.

”

Even when my shift is over, when I get home, I get messages, calls, emails...I have to work from home, and I'm not paid for that. If my people make mistakes then they call me to see what the mistake is, how to fix it, and that's all outside of work hours. I don't have enough time, after work all I can do is lay down to sleep.

d. Shift Work



Most factories work in three shifts, only two organize the work into two shifts. Shifts change weekly, so most workers work the night shift every third week.

This practice is only possible with the written consent of the employees, keeping in mind that the *Labor Law*, in Article 63, limits continuous night work to at most one workweek a month.

There are certain production positions, such as the cutting and crimping of wires in factories that produce electric installations, which don't work at night, only the first and second shift. The night shift is covered by the third segment of production in these factories which works on connecting wires and, according to the testimonies of respondents, is extremely demanding because the speed of the assembly line dictates the work tempo.

e. Breaks During the Work Day



We recently had an incident where a woman peed herself. The coordinator came and said that nobody can go until they let her know. The woman needed to go to the toilet, and she looked for the coordinator to let her know. She couldn't find her, and it was already too late, so the woman peed herself.



I go to the toilet when I can. It isn't banned, but how can you go if there isn't anyone to cover you? It's impossible to get up because the line is moving and you're going to fall behind.



We know the unwritten rule—to spend as little time in the toilet and go as rarely as possible.

In all of the factories, workers have a right to a break during their work day according to the legally proscribed length of 30 minutes. In some factories there is one break of half an hour, and in others it is divided into two breaks of 20 and 10 minutes. Respondents who work in bigger plants state that the length of the break is not long enough for those who work in parts of the hall that are further away from the canteen, so because of the distance and the line that forms they are not able to get their meal fast enough or finish it in time, so they are not late in returning to their work position.

Using the toilet is not banned in any factory, but in many factories, workers are informally or officially timed when they use the toilet and in this way are pressured to return to their work station as soon as possible. Even in factories where the time spent in the toilet is not measured, workers have the impression that they are constantly under surveillance. Additionally, workers report situations where, when they go to the toilet, production is not stopped, but the line continues to operate, so the work piles up to such an extent that after that they have to stay late or cannot use their break in order to finish everything.

The stated practices can be considered workplace harassment.

f. Transportation

Transportation to and from work is usually organized by the company in which the respondents work. Where it is not organized, they receive compensation for transportation costs that is equivalent to the cost of a monthly pass on public transportation. On average, transportation to and from work takes up 40 minutes. Still, some respondents report that transportation to the factory arrives half an hour before the shift begins, and that it does not leave immediately after the shift ends, but instead there is also a half-hour gap between the moment work ends until the transportation leaves. **In this way the time that workers spend at work and in transit is significantly lengthened, which is particularly a problem in situations where they work overtime. That is why some respondents, even when there is organized transportation, choose to come to work on their own. Even if their transportation will not be paid in that case, that way they receive more free time, which they generally lack.**



An hour total in both directions. But that's just the commute. The transportation picks us up as much as half an hour earlier, then we get to the factory and wait for our shift to start for half an hour, so we lose an hour on transportation and waiting upon arrival, and sometimes even on the return, because we often wait up to half an hour for management to 'finish their meetings' so we lose time there as well.



Salaries

a. Salary Statements

In all factories salaries are regular and are fully paid out to the account of the employees. All workers regularly receive salary statements in written form. Some respondents do not know how their salary is calculated and do not have faith in their statements. They believe that the information on the pay slips is not accurate. More detailed responses from workers that believe there are irregularities when calculating salaries indicate that there are irregularities around information on calculating overtime, which is calculated according to the legal maximum even when the worker worked longer than that. Since it is not rare that overtime work is longer than the legally proscribed framework, employers calculate compensation for these additional working hours through some form of stimulus on the salary. Regarding pay slips, it is important to note that the salary calculation itself is exceedingly complicated and that it is generally difficult to explain all of the listed information.

The respondents do not know what their exact gross salary is until they look at their pay slip. The average paid out net earnings of respondents is about 70,000 dinars, including bonus, overtime, and night work bonuses. The lowest recorded net salary of 55,000 dinars is caused by the fact that in this particular factory, bonuses are much lower than they are in other factories. The contracted salary is much lower compared to the one that is paid out, and on average amounts to 50,000 dinars, while one quarter of respondents report minimum wage as their contracted salary.²⁸ It is important to indicate that only one factory significantly departs from the salary amount, and in that one, workers report that on average they have a contracted salary of 70,000 dinars. A third of the average net salary that workers receive at the end of the month are made up from bonuses and overtime and nighttime work.

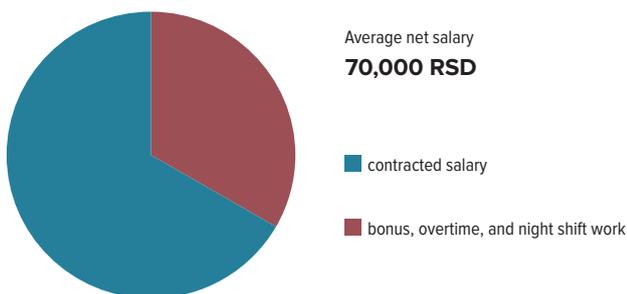


Image 3. – Share of bonuses, overtime, and night shift work in the average monthly net salary

When asked if their salaries have increased since they started work, all respondents answered affirmatively. The growth of the salary is generally tied to the growth of the minimum cost of labor, but in some situations also to advancement within the factory itself. In some factories bonuses were increased due to union agitation.

A factory's poor performance indirectly causes a decrease in salaries, because a decrease in the volume of production means fewer overtime hours and fewer bonuses. Sometimes, when there are no orders, workers stay home, which is taken out of their vacation days. All respondents reported that better business for the factory does not correlate with a growth in salaries, even though, in some factories, workers say that they have information that better performance leads to bigger bonuses and an increase in earnings for managers and supervisors.

Respondents do not know what the highest salaries in the factories are where they work. The lowest salary is minimum wage, but the assumption is that the directors and managers have up to several hundred thousand dinars. All respondents agree that the big gap in salaries is not justified.



They gave us some kind of stimulus, even though what was at hand was overtime work. The reason is probably that it went above the legal limits, so they put half down as overtime, half as a stimulus. That month we also had working Saturdays, 8 hours each, and we worked an hour longer the rest of the days, and the second shift came an hour later.



When production decreases, they don't decrease our salaries, but they write down production stoppage or take a day out of our vacation time. During Corona there were a lot of stoppages, then our pay is at 65%, which is still better than if they take our vacation time, we are fighting for that, but they won't stop. They don't even have to pay those days when we don't have any orders, just as long as they don't take them out of our vacation time.



It's not normal or justified, no way. We all have the same mouths to feed.

²⁸ The minimum labor cost in 2023 was 230 dinars net per work hour, so the minimal salary for full-time work was between 36,800 and 42,320 net dinars depending on the month.

c. Bonuses



There are three bonuses: the bonus for efficiency, quality, and attendance, that makes up your salary. If you go on sick leave for one day you lose all bonuses, and your salary drastically decreases.



Total attendance, if you're late one day or go on sick leave for one day, you don't get the bonus.



We can't go on sick leave for even one day. I took one day off last week, I had a stomach virus, and I lost the bonus.

The most common bonuses in most factories are attendance bonuses, efficiency bonuses, and quality bonuses. Efficiency bonuses are tied to meeting quotas, while the quality bonuses are tied to a minimum percentage of scrap. The attendance bonus is most significant of all the bonuses and represents the biggest monetary addition to the contracted salary. Achieving this bonus is conditioned on "absolute presence," that is, if one uses any form of legally guaranteed paid leave from work even for one day²⁹ one loses the right to this bonus. Besides the monthly attendance bonus some factories offer bonuses for so-called "perfect attendance." This bonus is achieved if in a period of six months not one form of paid leave is used and amounts to an additional 6,000 dinars a month. That bonus is increased if there are no absences for an entire year and is lost for all preceding months or years with just one day of using paid leave under any circumstances.

The attendance bonus is not just characteristic of the automotive sector but has now become practice in the entire industrial production in Serbia.

Even though workers look at this bonus favorably, as an additional possibility of increasing earnings and some type of positive gesture from the employer, experts for labor rights warn that what is at hand is an arbitrary interpretation of the structure of earnings from the *Labor Law* at the hands of the employer, and whose application is not just discriminatory, but also illegal and unconstitutional.³⁰ Using the unenviable position of the workforce in Serbia, the employer, by implementing an attendance bonus, "forces employees to practically give up their right to paid leave, and to come to work even when they do not have to (or cannot!) show up at work,"³¹ so they can increase their contracted salary for an amount that is significant to them. It is even worse in factories where all three bonuses that employees can achieve are bound together, so after taking one day of sick leave, they do not just lose the attendance bonus, but all the other bonuses as well, even if they met their conditions individually or as a group.

d. Regress and Meal Allowance



Legal standards for defining the sum of the regress (holiday bonus) and meal allowance are not properly defined, so there are indications that in some factories there is misuse of the discretionary right given to the employer to define the reimbursement they pay out to employees. Namely, according to the responses from respondents, the regress on average is about 650 dinars a month.

However, some respondents report that their monthly regress is paid out to the amount of 1 dinar which is a more than obvious abuse, even though the employer formally did not break the law. Even the highest recorded regress of 2000 dinars monthly cannot be considered adequate financial compensation for the costs of a vacation. That is illustrated by the fact that **90% of respondents, on the basis of their salary, cannot afford going on vacation outside of their place of residence.** Only one in ten workers can sometimes go, if the holiday package is available in installments, the arrangements are affordable, and if they really save up, but that mostly applies to respondents who live alone and do not have children.

²⁹ In some factories it is allowed to miss one day a month and still achieve the attendance bonus. Two days of absence, for any reason, mean losing this bonus.

³⁰ Reljanović, M., 2023, *Absolutna prisutnost*, Pešćanik, available at: <https://pescanik.net/apsolutna-prisutnost/>

³¹ Ibid.

The hot meal allowance on average amounts to 250 dinars per work day. That often is not enough to supply nourishment during the working hours, even though a significant number of workers try to save the most on food. Respondents in most cases said that they spend 400 to 500 dinars on food daily.

In some factories in which there is a canteen the meal allowance is deducted from the salary, no matter if the worker actually uses the canteen. In other factories the workers point out that the money they receive for their meal allowance is not enough to secure adequate food. There are also complaints about the quality of food in the canteens. Most respondents always or sometimes bring food from home, because it is better financially.



When I have something to bring from home, I bring it, when I don't, I don't eat. Luckily the stomach doesn't have windows so you can't see that it's empty.



If you refuse food from the canteen and request a monetary meal allowance along with your salary, then you have to prepare medical proof that their food isn't good for your health. Workers, who can find proof that they can't eat in the restaurant, get 3000 dinars, but if you eat in the canteen, they take 9000 dinars out of your pay for providing a hot meal.



Food in the canteen is awful. I skipped more meals than I was able to eat. And you can't say that you won't use the canteen, because they deduct the money anyway. People have landed in the hospital because of that food.

d. Living Wage

Respondents on average estimate that a wage from which they could live normally should be 107,000 dinars. The estimated responses ranged from 80,000 dinars to 150,000 dinars. It is important to note that respondents from smaller places gave lower estimates, which can indicate that the cost of living in their hometown is lower than is the case for bigger cities.

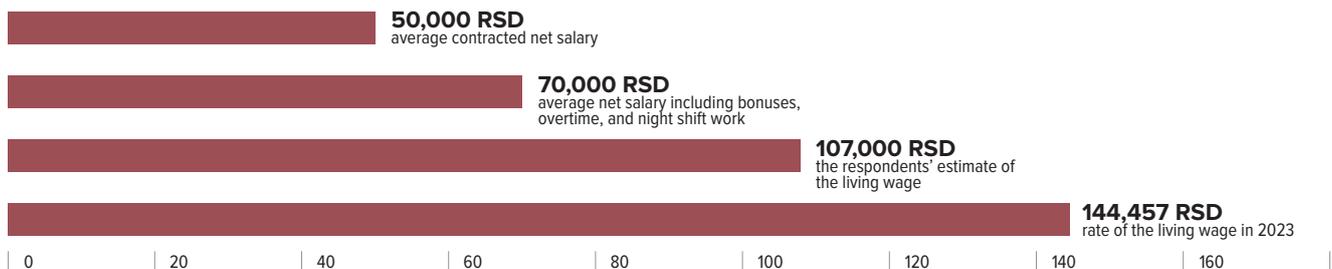


Image 4. – The ratio of paid and contracted net earnings to the living wage



That is a salary for surviving, not for living.



Compared to other companies it maybe isn't so bad, but for this kind of work, for Germans, it should be more.

On the other hand, the calculation of the living wage, which is based on the real costs of living, shows that a wage which would truly satisfy the basic social and existential needs of employees and their families in 2023 should be 144,457 dinars. The amount of the living wage is calculated on the basis of data from the *Clean Clothes Campaign* (CCC) network from 2021,³² increased by the average yearly rate of inflation of 11.9%³³ in 2022 and 12.5%³⁴ in 2023. If in the CCC network's methodology the increase in cost of food was calculated separately, this amount would be even higher. Of course, the average contracted net salary is just over one third of the living wage amount, while the average net salary with all add-ons, bonuses, and overtime only reaches half of that amount.

Respondents are unanimous in the opinion that they are not adequately paid for their work and that they cannot satisfy all of their needs with their salary.

³² For the calculation of the living wage amount see more at: https://cleanclothes.org/file-repository/ccc_policy-paper_eng-23nov.pdf/view and here <https://cleanclothes.org/file-repository/2022-july-background-paper-efw-update-final.pdf/view> for 2021

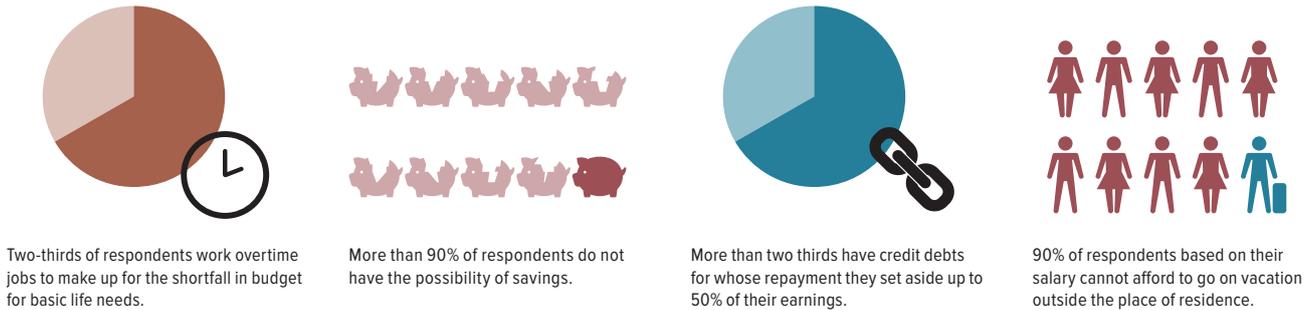
³³ RZS, available at: <https://www.stat.gov.rs/sr-latn/vesti/statisticalrelease/?p=13740>

³⁴ RZS, available at: <https://publikacije.stat.gov.rs/G2024/Html/G20241035.html>

e. Standard of Living

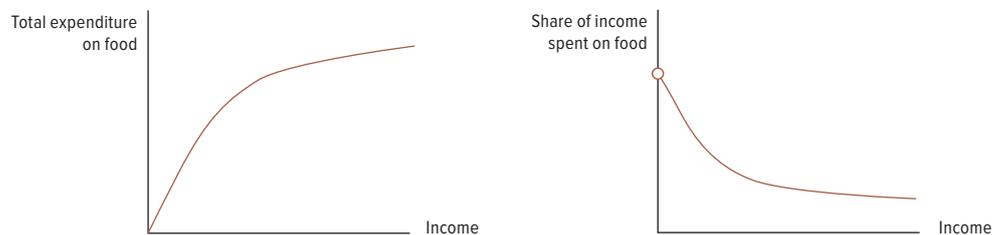
In the households of most interviewed workers, other members work or have some kind of income, such as a pension. For respondents who live alone, the total monthly income is the same as their salary, eventually supplemented with income from an additional job. The lowest income for single people was 52,000 dinars, for two-person households the lowest income was 90,000 dinars, and the largest total reported income for a household that had four members was 230,000 dinars.

The average monthly income of all households³⁵ is estimated to 136,000 dinars, and the average costs are estimated to be 133,000. These costs include food, the cost of housing, hygiene products, education, and the cost of clothing. The estimate does not include the costs of culture or recreation and does not assume the cost of vacation, which 90% of respondents cannot afford anyway. The average cost of food was 60,000 dinars, that is, 45% of total estimated costs of the household, which is by eight percentage points more than the average household expenditures on food according to data from RZS.³⁶



Slika 5 – Living standard of workers

If we look at the share of the cost of food in the average household expenditures, according to Engel's Law,³⁷ the respondents' households are at the middle of the scale and belong to households that have a moderately well-off standard of living (40-50%). Meanwhile, if we reduce the total average expenditure of the household³⁸ for the total amount of bonuses, compensation for overtime and night shift work, that is, by 20,000 dinars,³⁹ the share of food costs would increase to 53% and the respondents' households would wind up in the part of the scale (50-59%) in which income is at that level that barely satisfies daily expenses. This statistic tells us that the average contracted salary keeps workers in poverty, and only with bonuses and overtime can they keep their heads above water. **Here it is important to emphasize once again the impact of low salaries on the quality of life of those employed in Serbia's automotive industry, who are forced to work overtime whenever it is offered, even above the legal maximum, and to come to work when sick so they can meet the qualifications for the attendance bonus and make ends meet that month.**



Slika 6 - Engel law

³⁵ The average household of respondents amounted to 3.3 members.

³⁶ RZS, available at: <https://publikacije.stat.gov.rs/G2024/Html/G20241101.html>

³⁷ See more: <https://www.romeconomics.com/engels-law-explained/>

³⁸ The average amount of income and spending is practically identical, that is they differ by only 3,000 dinars, which tells us that the respondents' households practically spend as much as they are able to.

³⁹ As we stated earlier, the average paid out salary is 70,000 dinars, while the average contracted salary is 50,000 dinars.

Additionally, **up to two thirds of respondents work additional jobs to meet their budget for basic life needs.** These are part-time jobs, selling cosmetics, agriculture and seasonal jobs, food delivery, small handyman jobs (painting, repairs, etc.), preparing and selling food from home, etc. Other workers say that their existing job exhausts them so much that they cannot take another job. Most respondents believe that in their hometown there aren't significant opportunities for additional employment or changing jobs.



All respondents indicated that it is difficult to cover unpredictable expenses that show up during the month, such as an appliance breaking down, the cost of a wedding or funeral, replacing furniture and so on. They manage by borrowing money, taking out a loan or trying to fix things on their own. **Over 90% of respondents do not have the possibility of savings,** and many respondents, over two thirds of them, have loan debts for whose repayment they set aside up to 50% of their earnings.

Most unmarried workers live with their primary families, usually older retired parents, without the possibility of beginning an independent life.

f. Quotas

All factories have production quotas. Depending on the position, the quota can be collective or individual. **All respondents believe that the quota is not set properly. According to the respondents, the quota is set according to the most productive employees or completely arbitrarily. In many factories the quota follows the buyer's request for a certain amount and deadline for the shipment.** Quotas also increase according to the buyer's demands. In some factories where the production organization allows for it, workers stay overtime until the quota is fulfilled, and in others they work on Saturdays. The quota is an efficient mechanism to increase pressure on employees, especially keeping in mind that it is not used as an organizational benchmark, but as a salary benchmark.

If the quotas are too high for most employees, then the logical conclusion is that the problem is the quota itself, not in the capability of the workers. The quota must satisfy several criteria. It must represent the time in which a worker, under normal conditions, can fulfill a certain operation without reaching labor abuse and stepping over the threshold of normal exertion. The quota must match the average activity of most workers and must be defined in a way that it is possible to achieve during the contracted working hours.



I work in a restaurant kitchen. When I don't work at the company I work there on weekends. I do everything, I was hired as an assistant worker in the kitchen, and I work as a cleaner and maid and cook. You work at least 20 hours in continuity, sometimes up to two days. It's happened that I get out of third shift and go straight there to work. In the summer period I also worked for day wages. I get home from the first shift, and I go to pick cherries, raspberries, apples...



I don't work at anything else, this job exhausts me so much that I can't even do the housework the way that I should.



At the end of the month I can only borrow money, not put some away.



It's hard for me to satisfy predicted expenses, let alone unpredictable ones.



I don't even have the money to register my car.



The assembly line speed is defined according to the requests of the buyer. The buyer defines the amount and time in which something must be produced and that is usually raised to the maximum, and if there is still room it is increased even further. Sometimes it is increased through estimation, for example on one line the pace was 5 seconds and that was too fast, so now it's 3.6 seconds.



The quota isn't realistic. You can't go to the toilet, so they tell us we can do our business in the 'yellow bucket' or they 'jokingly' tell us to put diapers on.



We work overtime because of the unrealistic quotas. There is a backlog at the end of the month, and they know how many cables they need to manufacture so they aren't punished by the German buyer, so they increase production.



There's always some wise guy that works above the target, and they see it and say—from tomorrow that is the target. They always look at the most productive workers. My arms hurt, the whole day the fingers on my hand are in the same position, my arms begin to tingle from the elbow down.



When a horse can't go any further it stops and you can't push him more, but a man can't go any further, but still works. We reach everything in the end, but we fall apart.

If the quota is not reached in certain factories the quota bonus is abolished, and in other factories they receive so-called “discipline measures,” which imply a reduction in salary. Workers are also punished with salary reductions due to mistakes on the product. According to the testimony of respondents, mistakes usually happen due to the pressure to reach the quota, the speed at which they must work on the assembly line and the constant exhaustion of which all respondents complain.

Direct sanctioning because of poor work results (not meeting quotas or mistakes on the product) is not allowed, unless a special firing process was not already in motion, which includes monitoring the work of the employees and giving instructions for improvement. In case the aforementioned measures do not receive an effect, a work contract can be cancelled, or a disciplinary measure can be handed down, but only after implementing the disciplinary measures stated in the collective agreement and work contract.⁴⁰

In the other companies there are no sanctions for workers who do not meet the quota, but they are put under pressure, and as they report, psychological abuse, with the fear that not meeting quotas can also result in not extending the work contract.



They punish you if you make some kind of mistake during the day. They deducted 10 or 20% from my pay. They call this ‘discipline.’ And they can also punish you for your behavior, if you complain you get additional work which you cannot fulfill and then you get a discipline measure again.



First you go for a talk, then they punish you with a percent of your pay, that is, you don't get bonuses for three months.

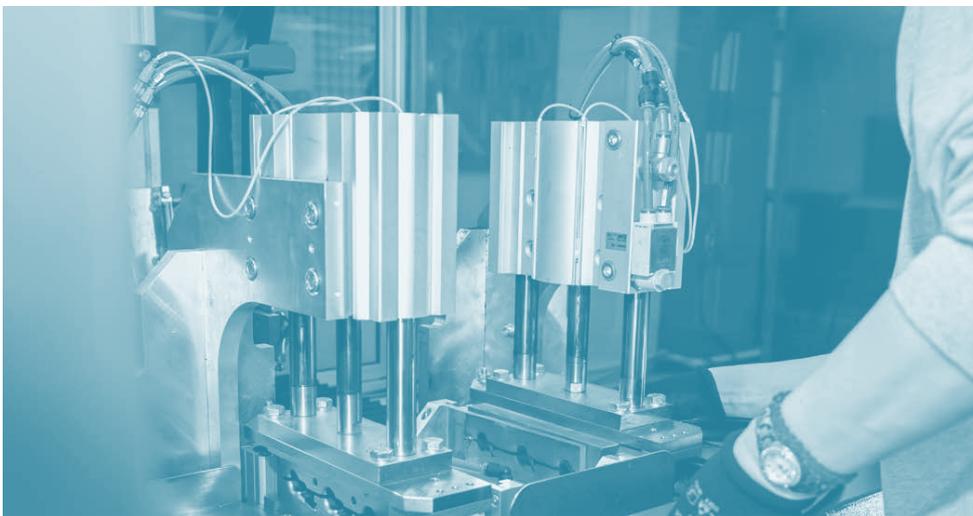
⁴⁰ See more: Labor Law of Republic of Serbia, article 180. a

Health and Safety at the Workplace

a. Most Common Problems

In response to the question if they are satisfied with their safety at the workplace, one third of respondents answered that they are not, one fifth are relatively satisfied, while half are satisfied. It must be noted that this is the introductory question in the segment of the interview which is about health and safety at the workplace, and that in the continuation of the questionnaire many workers who at first said that they were relatively or completely satisfied with workplace safety, rated certain aspects as unsatisfactory.

A large number of respondents, up to three quarters, indicate that at their workplace there are problems with ventilation. The same amount claims that temperature in the plant is unsatisfactory, especially in the summer when work in the halls is extremely difficult because of the high heat.



In two factories respondents claim that there are not enough toilets in the plant or that they exist, but they do not work. Additionally, in two factories they report that there is damp caused by the leaking roof. Every fourth respondent says that the size of the work space is unsatisfactory, and a smaller number, every tenth, indicates that lighting inside the plant is unsatisfactory.

On the other hand, most respondents, three quarters of them, indicate that there is a lot of dust in the production plant. They frequently emphasize that they have been placed in charge of maintaining cleanliness of the workspace by management, therefore they themselves clean to avoid being sanctioned. Another problem that the vast majority of respondents face is the high level of noise at the workplace.

Among other problems connected to safety in the workplace, respondents indicated faulty machines and work tools, the fumes that they breathe, as well as the practice of turning off safety sensors and fire suppression systems so that production does not slow down. Additionally, they complain about the production process which demands long hours of standing up and a particular, as they say themselves, “unnatural” position of the body, which consequently causes health problems.

Despite the fact that most respondents answered affirmatively the initial question if they are satisfied with the safety at their workplace, after digging a bit below the surface, we can conclude that in practice the provisions of the *Occupational Safety and Health Act* are violated, including the principles of prevention.



In rubber bonding, there is an emulsion that is poisonous. It's spraying all over, the ventilation isn't good enough to clear it out.



If the temperature is below 26 degrees Celsius, they don't turn on the ventilation, there isn't any air, people start to faint.



We really froze last winter. They kept making the excuse that the boiler had broken. Summer is horrible, there isn't any air conditioning, it's too hot, all the fumes wind up in the hall, there is literally a fog all around us, and the plant isn't exactly small.



There are sharp parts that aren't covered adequately, people get hurt. The wagons on which the cable rests don't work properly so from the lift, which is right above our heads, there are falling cables up to 70 kg.



They tell us that we have a right to refuse to work on broken machines, but in practice it doesn't work that way, we're all working on faulty machines.



We work with an open flame. In the second and third shift they have a habit of turning off the fire alarm so it wouldn't turn on and stop production.



We all have back problems. We spend up to 12 hours on our feet. We don't have chairs. The press isn't set up properly, you have to bend down, you get tangled in the cables, but it's perfectly possible to work seated.



The safety sensors on the machines are turned off so we work faster, they're always demanding higher productivity.

b. Training



They talk at you for 20 minutes, but they kindly let you know that you don't have the right to sue them for cancer or lung disease if you don't work in the company for more than ten years.



Yes, but it wasn't a real training. The wave some paper in your face while you're at your work position and tell you something in a few minutes and that's it, you sign a paper and you finished the training.

On the question of workplace health and safety training, all workers state that they passed a training, but some of the respondents point out that the training is just a formality, that it lasts one day, and that it is sometimes limited to an oral explanation or even signing a paper to confirm that a training took place.

With all this in mind, it is not surprising that only half of the respondents answered positively to the direct question if they consider that existing measures are enough to protect them from workplace injuries.

To the question if the factory has a Workers' Health and Safety Representative, a third of the respondents answered affirmatively, while two thirds say there is none or that they do not know.



The measures are relatively okay, but if you don't use the machines properly, which can happen if you lose concentration due to exhaustion, then injuries are possible.



They're not adequate. I was operating a forklift and a manual forklift by myself without any training. One of my colleagues ran over another with a forklift exactly because he wasn't trained to operate that vehicle.



The safety measures aren't adequate. Last year a shop press fell and crushed a man. Nothing changed. For a time, they paid a bit more attention and that's it.

c. Workplace Injuries

All respondents either experienced workplace injuries or witnessed their colleagues being injured. Respondents believe that many workplace injuries happen because of tiredness and exhaustion, and due to excessive pressure to reach quotas that are too high. In two thirds of factories respondents state that fainting due to exhaustion, overheating

and inadequate ventilation is a regular occurrence. Out of the other injuries the most common are injuries to fingers and hands (crushed hands, and sometimes people lose fingers), eye injuries, burns, cuts, being hit or run over by a forklift, dislocated joints, sprains, etc.



The fainting is constant, I don't even look at that as a problem anymore.



Injuries happen because of the workers' carelessness due to the loss of concentration, which you have to understand, the work is hard and there aren't many breaks.



I sewed through my finger when I was sewing plastic. Management begged me not to go to the emergency room, while I begged them to let me go. In the end they dressed my finger in the office and asked me not to tell anyone about it.

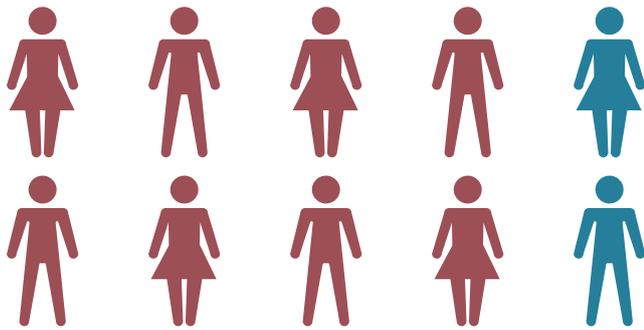


Recently the ambulance has started refusing to come, they have a lot of calls.



One worker lost a finger because she got a task from the leader that she take a part, which was supposed to be scrapped, and fix it at a certain step because the machine skipped that task. In these situations, safety procedures should be strictly followed, because while you're fixing a part or performing additional operations, the safety sensors have to be turned off. Then 6 tons of machine squeezed her finger.

In two out of ten factories, according to the respondents, there were fatalities directly tied to workplace injuries. Specifically, in one situation two workers died due to the explosion of a grindstone, while in the other case one worker was killed after a machine press fell. There were three other cases reported of workers who fell sick at work and then died the same day or the next. Two cases were reported in the media, and it is noticed that there is a dissonance between the official statement of the factory and eyewitness reports of workers.



People have died of heart attacks, which I would connect with the lack of air. One woman complained that she doesn't have enough air and she wasn't allowed to go out into the fresh air. She fainted. The boss drove her to the hospital, and she died on the way there.



In the foundry a grindstone got loose and killed two guys, one was 43, the other was 22. They had complained that the machines don't work the way they should. The maintenance people after a while said that the machines are alright, but soon after the grindstone exploded and killed them.

Eight out of ten respondents believe that they and their colleagues have health problems caused by the work that they do.

The most common health effects they complain about are psychological problems caused by a stressful work environment, back problems due to constant hours-long standing at the workplace, breathing problems, skin irritation, allergies, joint problems, etc.

When asked if they work with chemicals or other substances potentially hazardous to one's health, respondents in just three factories clearly stated that they do not, while in two others that they do. In five factories they responded that they do not work with chemicals or other dangerous substances, but that the materials they are directly in contact with at the workplace are chemically treated. This is particularly problematic in factories that manufacture electric installations, because **workers testify that the wires they assemble are coated with certain substances that they assume are for deterring rodents. It is concerning that none of them actually has the exact information about what it is,** even though employees in different factories are coming to the same conclusion independently. Employers mainly secure protective gear, but sometimes there is not enough or it is not mandatory. Thus, for example, employees in manufacturing electric installations often work bare-handed, because they are more efficient that way.



The wires are sprayed with rat poison. After that I have to wash my hands ten times and when I take some bread to eat the taste is still bitter. And I can't use gloves because my hands start tingling, plus they're not even mandatory.



You get gloves, but I don't think that's enough. We use nitro, it burns our hands even through the gloves. We breathe in the fumes. If we used some plant-based oils, it would be better.



All the material we work with is chemically treated, people get serious and dangerous allergies, but the factory won't give us the material for analysis when we request it.



The area where they do rubber bonding and where they spray the emulsion, that flies everywhere, your nose is all black when you blow it.



They give us gloves once a month, but they have to give them to us once a week. Since they don't give them to us regularly, we buy our own.



Stress and crying, you have to cry at least two-three times during the work day. Everyone's taking sedatives.



Psychologically, ever since I'm there I'm not myself, constant fear. I don't want to go to work, and then my back! I'm the company's invalid from psychological and physical ill-treatment, I can't even earn enough for all of the examinations that I need.



Our throats hurt when we get home. I blow my nose, and it's full of dust. At work your eyes swell up and get red, they don't let you go home, just send you to the clinic, give you some cream and send you back to work. They don't let you go home when you're not feeling well, that happens often.

In most factories there is a clinic, although often the doctor only works the first shift. In two out of ten factories respondents say that their employer organizes check-ups for employees once a year. In five factories a check-up is not organized, and in three it is organized just for workers employed at specific positions.

Here we can pose the question if, considering the level of exhaustion among the employees, manufacturing positions in the automotive industry are positions with an increased health risk. Based on the testimonies of employees it seems as if they are, so organizing regular medical check-ups on which the employees are sent by the employer would be very important. Still, the situation in the sector is such that the health of the workers, unfortunately, is not a priority. That is clearly illustrated by the different forms of pressure on employees that use their right to sick leave

d. Discrimination and Harassment in the Workplace



Discrimination based on age. Even when you have a doctor's note that confirms that they must find you an easier job, according to your health status, you rarely actually get it.



Roma people are exposed to it, they put them on the hardest positions, they consider them Gypsies and that they'll do whatever work, but they're people as well.



Shouting, threats, cursing...They pressured women that were older, just before retirement, when they couldn't reach the quotas anymore.



When we started organizing the union there was excessive surveillance, monitoring, stalking, calls to see the manager for hours-long talks, pressure on people to resign their union membership...



Ever since I became active in the union, I work alone, and I'm isolated from the other workers. When I founded the union, they made me a janitor.



The harassment is daily—you're good for nothing, you don't have to be working here...as if we're in some ministry, and for the work the only condition is that you have two arms and two legs, and that's it.



Some colleagues didn't come one working Saturday when there was an emergency. The boss brought them all in the group and fired them by leading them through the whole plant so everyone can see that they got fired.



When you fall ill, the bosses don't believe you, they think that you're pretending and then they put pressure on you, like—go, but you know that we can easily move you if this continues

Discrimination and harassment at work are not rare. Still, workers have a hard time distinguishing discrimination and harassment in the workplace, which is not surprising considering that often neither courts nor lawyers are able to clearly see the difference. While discrimination means creating differences between people based on their personal identity, harassment designates an action or behavior which makes existing at the workplace significantly difficult.⁴¹

Every fourth respondent states that they experienced discrimination in the workplace, and nearly half say that they witnessed discrimination against other employees. They listed forms of discrimination on the basis of nationality, religion, race, gender, and age. The discrimination faced by union members is particularly highlighted. As well, some respondents report discrimination on the basis of health status and disability which causes them to use sick leave more frequently or need accommodations at work.

Article 4 of the *Law on the Prohibition of Discrimination* highlights the principle of equality and states that all people are equal and enjoy an equal position and equal legal protection, no matter their personal identity. *The Labor Law* in article 18 and 19 states that it forbids “indirect and direct discrimination of people who are seeking employment, as well as employees, on the basis of gender, birth, language, race, skin color, age, pregnancy, health status, that is disability, nationality, religion, marital status, familial obligations, sexuality, political or other opinion, social background, income, membership in political organizations, unions, or other personal identity.”

Workplace harassment is a more pronounced and more common phenomenon. Nearly two thirds of respondents claim that they were exposed to different types of harassment, while nine out of ten respondents say that they witnessed the harassment of other workers in the factory. Threats of firing are not rare. Workers testify that supervisors do not refrain from insulting and demeaning workers. There is also pressure for union members to leave their organization or to join another one. Those who are ready to fight for their rights, refuse to work overtime, are not able to fulfill the quota or while working produce more scrap than supervisors estimate is acceptable, are also exposed to different forms of pressure. Respondents generally speak of psychological harassment which affects their mental health.

Harassment is according to article 11 of the *Rulebook on the rules of conduct of employers and employees concerning prevention and protection from harassment at the workplace* defined as “active or passive behavior towards the employee or group of employees by the employer which is repeated, and which has the goal of or represents an injury to the dignity, reputation, personal or professional integrity, health, or position of the employee and which causes fear or creates an unfriendly, demeaning, or insulting atmosphere, worsens work conditions or leads to the isolation of the employees or leads them to on their own initiative break the working relationship or cancel the work contract or another contract.”



Where there are pretty young girls or women, they harass them. Sometimes the supervisors and leaders send them messages.



My boss told me that I was incompetent. They tell us that we're fat, that we're just lumps, they call us insulting names, scream at us, hit the board....

⁴¹ See more at: <https://www.paragraflex.co.rs/dnevne-vesti/011221/011221-vest10.html>.

Union Organizing

Half of the respondents are members of a union.

In just one of ten factories studied there is no union. Respondents from this factory say that union organizing is “strictly forbidden,” which is against the *Labor Law*, which in article 206 states that employees are guaranteed the freedom of free union organizing and action without permission, and also against the *Constitution of the Republic of Serbia*.

In one of the remaining nine factories respondents call the only union that exists “the company union” and have no confidence in it. In the other eight factories, depending on the factory, all unions that organize in the industrial production sector are active. In one factory besides a worker-organized union organized, there is also a so-called “yellow” union and a decided pressure from the administration on the workers to resign from their union and become members of that one.

In four factories, according to the respondents, there is a collective agreement, and in one collective bargaining is in process.

In factories in which there is a union, one third of respondents do not know what the union does to improve the position of the workers. Among them are members of the union themselves. Half of respondents believe that unions do nothing or do not do enough to improve the position of the workers, while half of the respondents are not members of a union because they do not see the point and do not think that unions have any impact on the position of the workers.



The union is powerless, no matter how much they try.



Why should they take my money for nothing, they take 1% of your pay, that's a lot on a yearly basis, and they don't do anything. The union president was my shift leader.



On the other hand, active members of the union see the benefits of union organizing in legal protection, the possibility of fighting for better work conditions, solidarity funds, and a feeling of security. They notice that work conditions have improved since the union was organized. A large number of respondents who are union members see benefits of the union in the form of loans and the possibility to buy goods and services in installments.



Yes, I'm in the union. In case something happens to me so that I have help, strategic help, so the union can represent me and give me legal advice if necessary.



So we can fight for the minimum rights guaranteed to us by law, and of course for more, if it is possible.



You feel more secure. You have someone to ask for help when they harass you.



I became a member because of the collective agreement, the conditions are better.

Respondents indicate that the biggest barrier to union action is fear on the part of the employees and pressure and intimidation on the part of the supervisors. In six factories respondents stated that there was pressure from the management to stop the operations of the union.



There is little support even among the workers themselves for founding a union because people don't want to expose themselves, and they don't want to expose themselves because of their existential fear.



They pressure people to resign their membership. We succeeded after four years, there was pressure on us as well, but we were persistent.



The bosses held a meeting with all employees in each shift and stated that if people massively join the union the company will close and go away.



Management and fear among the people. There were situations when people were ordered to resign their union membership.

In those factories where there is no union or they are unhappy with the engagement of the existing one, respondents indicate that they see space for union organizing and that they would like for there to be a union that would be combative. Still, nobody shows enthusiasm or readiness to do something about it themselves.

Strikes are rare. According to respondents, in all of the factories there were cases of short-term work stoppages in the previous period. Work stoppages usually end with intimidation of the workers by the administration. Only one factory had a strike that lasted the entire day.

The causes of the work stoppage were usually low salaries, too high quotas, illegal overtime, unpaid overtime, demands for an additional break, bad food, etc.

According to respondents, **despite the dissatisfaction which exists among most workers, the causes of the lack of bigger strikes and more organized rebellions are above all fear of losing the job, poverty, and the lack of an alternative in the cities in which the workers live and work.**



If we would look at the respondents' answers statistically, it would turn out that unions are practically ubiquitous, and that half of the factories have collective agreements, which is not a bad number at all. However, if we look at the real state of worker's rights, we see that even in the factories that have a more combative unions with a larger membership, the work of the union is reduced to meager improvement of working conditions and even more meager increase in salaries. This tells us about the stalemate unions are in, who on the one hand have no power on the level of the branch, center or country, which would give them support in fights on the factory level. On the other hand, the fear of the employees, as well as the legal framework which does not provide enough protection for union representatives and members, affects the activities, actions, and demands of the union. The impression is that neither the existence of union organizations, nor collective agreements, are not a guarantee of respecting worker's rights as long as union organizing is structurally placed in a defensive position.



We stopped work for about fifteen minutes, until the production supervisor came along and said—who wants to work let them go back, and who doesn't, can go out to the gate.



We weren't happy with the salaries and the quotas—we worked out a change in the quota, but not in the salaries.



Because we didn't want to work a sixth night, we left the line, they said the gate's over there, turned on the line, and people went back to work. If there was a real union, to organize us, it would be better.



In this company you are just a number which they will erase with one move without blinking. People know that. There's no strike, because then there is no bread.



"People are afraid, no matter what you say, if you complain they find a way to fire you.

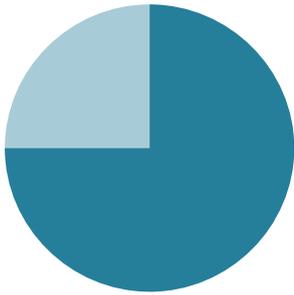


"That's because people who stay in the factory are people who really need a job and fear dominates, people are unhappy, but they are afraid.



People are afraid. Most are right before retirement. Who will hire them at that age? They don't want to risk losing their job.

Labor Law from the Workers' Perspective



Only every fourth respondent believes that they are familiar with the rights prescribed by the *Labor Law*, a third believes that they are somewhat familiar, while the remaining respondents believe that they do not know the rights prescribed by the *Labor Law*.

Half of respondents state that their employer has not informed them about the conditions and organization of their work, their rights and obligations. Certain respondents emphasize that they were briefly informed about their rights and obligations during training, as well as that the information that they received mainly touched on the obligations of the employees, but not on their rights.

In cases where they assume that their worker's rights have been violated, nearly half of respondents do not know which mechanisms and appeal procedures they can use to eventually improve their situation. In factories where the union is more active and combative, workers recognize the union as the first level to which they can turn if their rights are endangered. In certain factories there are formal or informal possibilities for workers to make a complaint to leaders, managers, or Human Resources, but according to the statements of most respondents these mechanisms and procedures are not effective, and they do not believe that the situation can improve long-term in that way.



Even if the inspector comes he won't come to me, but they will cover it up, and if he came directly to me, then I would trust him. When everything would be nice and regulated, that would be good, but our whole country is murky.



I don't have confidence, they're tied to the management, I know this from trusted sources.



Yes, the cheap manpower benefits them, and to Germans it just matters that it says, 'Made in Europe' on the cable and the geographic position.



They act as if they are in their country, and as if we are in a foreign country.



Absolutely, they look for gaps in the law and the state turns a blind eye. Everything that we manage to fight out for worker's rights is under immense pressure.

In case their labor rights are violated, two thirds of respondents would be ready to begin a lawsuit to protect themselves. The others are not sure or would not be ready to begin a lawsuit due to their lack of faith in the institutions or because of their assessment that they would invest a lot of time and resources, and that the results would be highly uncertain.

Only every tenth respondent states that they would be able to cover the cost of a lawyer if they needed one, every fifth says that they would find some way to cover it, and the rest, nearly two thirds, would not have any possibility to cover the costs of a lawsuit.

Only three out of fifty respondents have turned to the *Labor Inspectorate*, even though three fourths of respondents believe that in certain situations there was a need to contact the inspectorate. The remaining respondents never contacted the inspectorate because of their lack of knowledge in the procedures, mistrust in the work of the inspectorate, or because they first communicate their problems with the union.

In response to the separate question if they have faith in the work of the Labor Inspectorate, only two out of fifty respondents said that they do. The others directly state that they do not have confidence in its work.

Only every seventh respondent knows what global supply chains are. Only one respondent knows what supply chain due diligence is, and two respondents know that the *German Supply Chain Due Diligence Act* exists.

Most respondents do not have a clear idea how a supranational or international legislation would work, and which mechanisms of protection, appeal, and fight for better working conditions would be at their disposal, but they vaguely believe and put faith in the fact that, if the mechanisms would be clear and accessible, they could be used and bring forward better working conditions.

All respondents think that foreign companies have a privileged position in Serbia.



There is only one way—going to HR. It's happened that something improves if multiple people complained about the same problem.



A few times I've been to the company's lawyer and he says: Come on, let it go, it will pass.



We have some kind of suggestion box, that we can write down what are the problems, but nobody touches that, they don't do anything about it.



Only that I complain to the union, and then the union tries to fix it, otherwise like this, hardly a chance.

Concluding Thoughts



I am satisfied that the union exists, because we are one of the rare factories where workers have a voice. Work conditions must improve, and targets be reduced, not done as they did—they reduce the shifts from three to two and increased the targets for each shift. I'm not satisfied with the salary.



The work could be less confusing and a bit more relaxed. When the boss isn't here, we work better. The work conditions need to improve because of the people and our health, and the salaries should increase because costs of living have become unbearable, especially if you have a family. That's why I want to leave the country and go abroad. In Serbia you work for minimum wage, there's no future.



I'm relatively satisfied, when I compare it to other factories where work conditions are much worse. But stuff could get better in ours as well, especially when we talk about the salary.

In this section of the interview, we focused on summing up the situation, but we also inquired into which entities workers see as potential harbingers of change.

Seven out of ten respondents are not satisfied with their working conditions, only every twentieth is satisfied. The rest, around 20% of respondents, say that work conditions are relatively good, if one keeps in mind working conditions in other factories. Where the union is present and combative, satisfaction with progress in regard to the rights that were fought for is noticeable.

When responding to the question why they did not change their place of work, two thirds of respondents answered that they do not have many choices and that the jobs and work conditions offered in other factories in their city are the same or worse. Some respondents indicate hope that the situation will get better as a reason, as well as the security they feel working many years in the same factory, despite the present dissatisfaction with working conditions and low salaries. This security is on the one hand financial, because the pay is regular, but on the other hand is also tied to a certain status that they built in their workplace, and as they state, it is difficult for them to start over again and prove themselves in a new work environment. Regarding financial pressures, some respondents emphasized that loan debt is one of the reasons why they did not switch jobs. A small number of respondents were looking for another job in the moment that the interview was conducted, and some consider that because of their age they cannot even find another job because, in their view, mostly younger workers are wanted. As well, some respondents said that they plan to go abroad to look for better work.



Because I had a large debt that I inherited from my deceased father, my mom was facing serious health diagnoses, I wasn't really in a position to choose.



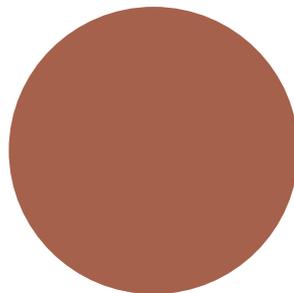
The pay arrives on time, I've been working in the same company for many years, and I wouldn't be able to compete at another place. I'm also of a certain age and I wouldn't be able to find another job because they usually want younger workers.



There's nothing better available, it's a small place, and the unemployment rate is high.



Working conditions in other factories are worse. Here at least nobody got fired for using sick leave.



■ work and low wages have a negative effect

■ work and low wages do not have a negative impact

All respondents declared that their job and low salaries negatively impacts their life and the lives of their families.



Life is reduced to just simply surviving. When you don't have money, you don't have anything.



I come home irritable, tired, and there are a lot of responsibilities at home. Then everything is transferred onto my children, I can't even talk to my kids, I just need to be quiet until I collect myself. I'm dead when I get home. My social life is nonexistent. If it was just physical exhaustion that would be ok, you put your feet up and rest for half an hour. But this is mental exhaustion, you can't rest from that.



Awful. I was once an athlete, and now I don't even have energy to walk around my neighborhood. Mentally I feel even worse.



It has a negative impact, and the worst problem is the shifts, which we change every two days. It's difficult for your body to get used to those changes. I often get hit with insomnia, and because of those shifts I don't have a lot of time to hang out with people.



I can't do anything by myself, while the others are operating under the illusion of, 'Shut up, it could be worse.'



While I'm on a fixed-term contract, I don't really have the possibility to do anything.



It's not my responsibility. I'm a member of the union, the people from the union need to kickstart some initiative.



I can only change my job.

The most common problems they list are stress, constant exhaustion, a lack of free time, the impossibility of spending time with their families, and a lack of finances for normal life, which they identify as "just surviving."



Almost all respondents believe that they themselves can do nothing to change the situation. They do not see themselves as potential changemakers. The most that they think they can do is file a complaint with Human Resources or bring a lawsuit to court. On the other hand, one third of respondents believe that the fight for better working conditions must be collective. Half of them indicate the union as a bringer of change, while for the other half the "collective" is just a general statement.





The unions need to reorganize themselves, to educate their membership. In this structure they can't even operate. The membership doesn't even know what the union is, nor what they do, nor what their rights are. Often the union organization comes down to one person, there's no democracy whatsoever, but there should be.



They give everything they can, but they are powerless as long as we have a Labor Law like this. They try, but it is very difficult, nobody is listening to the voice of the people.



Consolidation.

The general impression is that respondents expect the union to be more combative and, as they themselves say, stand more on the side of the workers. This response is interesting because it shows that the overwhelming perception is that unions, although by definition worker's organizations, in large part do not fulfill that role. With that in mind it is not surprising that there is a certain type of "estrangement" from union organizations, as if they are external in relation to workers which, in turn, reinforces their passivity. Respondents have the impression that they themselves cannot affect the direction of the union. **The expectation of respondents is that the union needs to fight for bigger salaries, to listen more to workers themselves, and to help them. It is recognized that the unions have a narrow space for operating, that against them there are actors that have greater power, as well as that the laws are not defined in a way to favor the interests of the workers, therefore neither the work of the unions.** Still, it's important to emphasize that where there is an agile and combative union, workers are more satisfied. Even though working conditions in those factories are not significantly better, respondents have a certain dose of enthusiasm and belief that the union will be able to change things in a positive direction.



Just as many conversations with workers as possible. They should be as present in production as possible. Sitting in the office has no point. Just communication with the workers.



To care more about the workers, to defer to them more, and not to look for some middle ground.



The primary expectation respondents have for the companies they work for is that they increase salaries, and that they appreciate their employees more. As well, they expect the companies to respect the law. Even though the workers themselves think that the existing laws are not adequate to protect them, they believe that even those laws are not being followed. A large number of respondents think that the companies must listen to feedback from workers when it comes to organizing the production process. In their responses they express skepticism towards the checks performed by the companies for which their factory is a supplier. The overwhelming impression is that such visits are always specially prepared so that reality is embellished, and are just formalities, and that representatives of the buyer companies that tour the factories essentially are not interested in what the situation in the factory is really like. As well, respondents think that management needs to be changed or better trained in working with people, because among the existing administration of the factory they don't see any signs of professionalism, or any desire to listen to and understand workers. The general impression is that the expectations workers have for their companies are not great.



Respondents believe that the Government of the Republic of Serbia should increase the minimum labor cost and to more efficiently control the work of companies through its institutions. They point out that it is necessary that the Government listens more to the problems of workers, as well as that it should open more space for the change of legal frameworks to advance the position of employees. Many respondents believe that the existing Labor Law does not do enough to protect workers' rights, but they add that even this law is largely not followed, and that nobody is punished for that. Certain respondents see a problem in the fact that the country helps foreign companies through subsidies, free infrastructure, and other benefits. Respondents also believe that the state does not respect them, that it is uninterested and that it treats them as a cheap labor force that they offer to foreign companies. Stated expectations are filled with a significant dose of skepticism that the Government will really do anything to improve the position of workers.



That it controls the labor inspectorate, but also that it negotiates better work conditions and influences an increase in salaries in those factories which it subsidizes.



I wonder why our company doesn't pay for electricity, because I know they have excellent earnings. I know how many exports there are. How can the country allow a rich company that is rolling in cash not to pay its electricity bill? That's absurd!



When the foreigners come to visit, they just look to see if everything is okay as part of a procedure. They don't care if the workers are satisfied. They really should pay attention to what work conditions are like and to ask workers: if they have a problem, if they work too much, if their target is too large.



From the company I primarily expect it to follow the law, increase salaries, and educate managers on how to behave towards people, to work on the behavioral culture, not to threaten or blackmail, you can't do quality work that way. When we all work as if we were beaten down, that's not effective.



They won't do anything until a serious strike happens. Only then will they be ready to improve work conditions.



Either to hire more people or lower the quota, to get air filtration machines, to hire qualified people for machine maintenance, to replace the old machines that are very cheap, but aren't adequate for the job, not to spill the emulsions into the river...



They need to advance working conditions: so that in summer there is cooling, and in winter heating, to increase the salaries. Our salaries are low for them, so that's why they came here, they look at that all over the world. Whoever gives the least, quality doesn't matter, the quantity matters, they're always chasing the number.



The state needs to demand that companies act towards us the way they act towards people where they come from. And not that they get subsidies and free land, and we get 50% lower salaries than Germans. We do the same job as the Germans, if not better than them. They should go there and see what conditions they have, and then we have the same.



Over there we're just a number.



They need to know that people are afraid and cannot say what they think. They are afraid that they will lose their jobs, but if they wouldn't be afraid, if we were united, people would have something to say.



The employer is always looking to satisfy themselves. They need to know that people will always be disposable, when they're not satisfied, they always tell us—there are people who will work, there are plenty of unemployed people, that are waiting for your spot.



The quota matters and nothing else. You have to work no matter what state you're in. People come to work sick not to lose the bonus, because the bonus saves your salary.



Nobody can make it to retirement in these companies, you give your last atom of strength for work. It should be paid accordingly. Whoever can make it at a better place, shouldn't come here.

If the public could hear them, they would share that workers in factories are not respected at all, that the work day is full of stress and inappropriate behavior from superiors, and that most workers are frightened and cannot say what they think, complain or rebel out of fear of losing their job. Respondents point out that the work is not organized adequately and above all, not paid adequately. **Respondents believe that their job is difficult and that their work is worth much more.** They point out that the public should know that they work a lot and do not have free time for themselves or their family. They are partially skeptical that the rest of society is at all interested in the problems which they face.



Recommendations



Keeping in mind the experiences communicated by workers employed in factories that are part of the automotive industry's supply chain, it is difficult to sum up and encompass all of the problems which they face in the workplace. There is almost no aspect of worker's rights which is not endangered in some way—starting from the salary, through the working hours and health and safety at work, and to the possibility of realizing one's right to union organizing. Even when the company formally respects the law in some aspects, essentially its actions are about fulfilling the formalities without making a significant impact on the quality of work standards. A big problem is mistrust in institutions such as the Labor Inspectorate, so mechanisms of prevention and protection for workers are weakened. Besides that, a large majority of respondents are not familiar with their rights, or with the procedures and appeal mechanisms that are at their disposal if their worker's rights are violated. In accordance with the results of the study, and the opinions and suggestions of the respondents themselves, we formulated recommendations for all involved stakeholders, whose action in the direction of fulfilling what is recommended would contribute to a significant improvement in the position of workers in the automotive industry in Serbia.



Recommendations for Companies

- Increase basic salaries and allow workers to earn a living wage. Salaries should be enough to satisfy basic social and existential needs of the workers and their families. The current level of salaries does not meet these criteria.
- Allow workers the right to a limited working time and if there is a continuous need for overtime work, hire additional workers.
- Quotas must be defined in accordance with the average accomplishment which is realized by most workers, and not according to the immediate needs of the company.
- Increase investment in the work environment and health and safety standards at work. The imperative of increasing productivity cannot lead to risking the lives of workers.
- Respect the right of employees to union organizing and accept collective bargaining.
- Create a safe space for workers to share their opinions, and an environment in which their complaints and suggestions for improving the work process will be taken into consideration.
- Create space for dialogue with suppliers and subcontractors about production conditions in the supply chain.

Recommendations for the Government of the Republic of Serbia

- Create space for including foreign companies in social dialogue.
- Increase the minimum labor cost. The minimum wage in Serbia is below the poverty line for a three-family household, that is, far from the standard defined by the International Labor Organization.
- Enable the reconciliation of the minimum labor cost two times a year, which is especially important in the time of fluctuating inflation.
- Abandon the concept of the minimal consumer basket, especially as a parameter for determining the amount of the minimum wage. The minimal consumer basket measures the buying power of the poorest level of the population but does not illustrate the people's real needs.
- Stop the tendency of shredding labor legislation and return functionality to the *Labor Law*, which among other things means more precisely defining several provisions that today leave too much space for misuse.
- Especially strengthen legal protections for union representatives.
- Increase the capacity of the Labor Inspectorate so checks will be conducted precisely, and confidence returned to workers in institutions that are supposed to protect their position in the workplace.
- Advance the system of free legal counsel in units of local government.
- Advance the work of the courts on cases that touch on violation of workers' rights.

Recommendations for Unions

- Strategically unite resources and capacities of certain union centers.
- Open more space for members to impact decision-making.
- Advance the education of workers about worker's rights and mechanisms of protection that are at their disposal.
- Educate union representatives about the legislation relating to corporate responsibility.

