

**National report:**

# **THE ADAPTATION OF INDUSTRIAL RELATIONS TOWARDS NEW FORMS OF WORK**



This publication is part of the following project "The adaptation of industrial relations towards new forms of work (VS/2018/0039)", financed by the European Union.

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## Impressum

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## 1.

## Introduction

The Labour market constantly changes under the influence of technology. What also changes is the manner in which work gets done, by using portable devices such as the smartphone, tablet or portable computers. Workers, with the help of these devices and the easy access to Internet can carry out their work tasks outside employers' premises, in conditions which have more positive impact on their productivity and work motivation, enabling a significant degree of balance between private and professional life.

The digital revolution has altered the standard labour relations between workers and employees, and reflects on the working conditions and skills necessary for workers and the economy as a whole, by creating and phasing out workplaces. Technological changes are dynamic processes which are a threat to the "good" jobs, which are all those jobs for which all social contributions for workers have been planned and provided. Although no one can anticipate with certainty how this process shall unfold, clear indicators say that future jobs shall be under the direct influence of digitalization which will play essential role in the shaping of workplaces. The digital revolution accentuates the need to adjust companies to the increase and promotion of non-material capital (the human capital, social capital, innovations, scientific research) against the accumulation of material assets. The future lies in recognizing workers' talents and perfecting their skills, which would help them respond to the needs imposed by clients. Digitalization creates conditions for enhanced competitiveness and productivity, but also has a negative reflection on workers' security in terms of their workplaces, health and safety at work, and in terms of coverage of contributions for social and health insurance.

In addition to technology, labour market is also influenced by globalization, social and economic development which impose the need for increased flexibility of jobs, resulting into new forms of employment characterized by unconventional manner of execution of tasks, transforming thereby the traditional employment relations between workers and an employers. The labour market is dynamic and the global competition, in addition to flexibility, entails increased efficiency and productivity which will not depend on the time and place of execution of the job tasks.

Considering the influence of these processes on the labour market, it is important to raise public debate which will involve all stakeholders. Timely harmonisation of legislation with all the issues above will be beneficial to the economic development of the country through better use of workforce potentials and shall bring increased influx of taxes in the state budget by registering undeclared work, so funds which the state may invest in development of human capital, through innovations in teaching curricula and projects for additional education and retraining of workers. Adjusting industrial relations to the new forms of work may be quite a complex process, therefore we need good public policies in

place, especially taking into consideration the risks involved from the perspective of workers.

The Centre for Research and Policy Making, in cooperation with five partner organisations from Bulgaria, Poland, Romania, Croatia and Czech Republic are implementing the project “The Adaptation of Industrial Relations towards the New Forms of Work” supported by the European Union. Research within the frameworks of this Project has helped us document the scope and development potential of new forms of work and the digital economy. Part of the new forms of work emerging in European countries and possible to be implemented also in the Republic of North Macedonia are significant and contribute to increased work flexibility, but also for better tackling of undeclared work.

## 2.

## Methodology

The research methodology was developed in cooperation with Project partners. The focus of the analysis is adjustment of industrial relations to new forms of work. The research includes quantitative and qualitative methods for collecting and processing data. In order to better assess the situation regarding these issues, we used primary and secondary data sources. Secondary sources were prior analysis and reports on the topic, but it is important to note that analysis of secondary sources was extremely limited. Therefore, most of our analysis and conclusions are based on our findings from the research conducted for purposes of this study. Primary statistical sources were data obtained from field research. Additionally, we used statistical data available at the State Statistical Office (SSO) and the Ministry of Information Society and Administration (MISA) regarding the total number of employees in the public and private sector in the Republic of North Macedonia.

The research carried out by the Centre for Research and Policy Making consisted of four parts. First, in compliance with the Law on Free Access to Information of Public Character which provides for this, CRPM sent out forms requesting access to information of public character to 10 public (state) institutions, to 18 agencies for temporary work and to 5 copyright agencies. Request for access to information was also sent to the ICT Chamber of Commerce (MASIT). The mandate and competencies of the different institutions and agencies we approached determined the volume and type of statistics that we requested. Bearing in mind that the effects of digitalization and new forms of employment on industrial relations in North Macedonia are still not sufficiently recognizable and researched, it was difficult to obtain relevant statistical data, since the institutions from which data were requested do not have the indicators and benchmarks for the new forms of employment.

Data requested pertain to the:

- ➔ Number of employees in the public and private sector in the Republic of North Macedonia based on the: employment relation (persons employed on open-ended or fixed-term contracts); length of office hours (full-time or part-time) based on economic activity in accordance with the National classification of activities (NKD) for 2015, 2016 and 2017;
- ➔ Number of employers in the public and private sector in the Republic of North Macedonia per economic activity in accordance with the NKD for 2015, 2016 and 2017;
- ➔ Number of persons hired in the public and private sector with a service contract, royalties agreement or via the agency for temporary work in the economic activities as per the NKD for 2015, 2016 and 2017;
- ➔ Number of persons in the Republic of North Macedonia working from

home (teleworking), seasonal workers and persons who are unpaid family workers for 2015, 2016 and 2017;

- ➔ Number of employed persons in the Republic of North Macedonia under the new, non-standard forms of employment for 2015, 2016 and 2017;
- ➔ Number of employed persons in the Republic of North Macedonia with more than one employer for 2015, 2016 and 2017.
- ➔ Number of digitally qualified workers in the Republic of North Macedonia for 2015, 2016 and 2017.

Secondly, we conducted 19 in-depth interviews with representatives of the Organization of Employers of Macedonia, the ICT Chamber of Commerce (MASIT), the Ministry of Labour and Social Policy, the International Labour Organization in North Macedonia, and interviews with private companies from different economic sectors in the Republic of North Macedonia. The conducted interviews helped us obtain greater detail about the practical application of the legal provisions, the degree of flexibility provided by the Law on Labour Relations, and the challenges which employers will face in the future considering the fact that skilled labour force is increasingly leaving the country in search for better opportunities, and because the demands and needs of workers and employers are rapidly changing with the development of technology over the years. Most of the private companies we interviewed on these topics are from the ICT industry, because this industry needs more flexible forms of work and better legislative provisions especially concerning regulations for work outside the employer's premises (work from home / remote work).

Third, within the frameworks of the Project, the Centre for Research and Policy Making conducted a field survey of a representative sample of employees in the Republic of North Macedonia. The survey was conducted on a sample of 1,089 respondents employed in the public and private sector. The sample was prepared based on data from the State Statistical Office, published in the eighth edition of the "Regions in the Republic of Macedonia 2017", which shows the eight non-administrative regions in the country, using the established determined employment rate at regional level which was reflected on the sample. The sample was stratified on the basis of the following socio-demographic parameters: gender (male/female); age (15-29, 30-49, 49-65); and place of residence (town/village/region). The survey was conducted by an experienced team of survey takers of the Centre for Research and Policy Making. The questionnaire was translated from English and was adapted to the specifics of the Macedonian and Albanian language. Respondents' responses were processed through the statistical data tool - SPSS. The statistical error in the survey was 3% with a level of confidence of 95%.

The questionnaire was prepared in cooperation with the Project partners and contains 40 questions, 6 of which are demographic and refer to sex, age, education, family status, place of residence and monthly income of the respondents. Generally, the questionnaire can be divided into three interrelated

sections. The first part consists of questions related to the status of the respondent (employee, self-employed), type of contract that he/she is working on, the economic sector in which he/she works; does he/she often change jobs, how many hours a week does he/she work, as well as several questions that helped us explore perceptions of the self-employed persons regarding the reasons which prompted them to be self-employed instead of working for an employer, and what they dislike about their status of self-employed.

The questions asked in the second part of the questionnaire helped us examine the perception of citizens regarding new forms of work and their assessment of the skills and work competences they possess, moreover the skills they deem would be necessary in the future so as to be more competitive on the labour market. Respondents were asked if they had ever worked in new forms of work; what are the challenges they face and whether new forms of employment are key to overcome labour market challenges. We examined the motivation and readiness of the citizens to accept new, non-standard forms of employment. Concerning the new ways of performing tasks, respondents were asked how often they work on premises the employer, in the client's premises, from home or from public places like cafes, their knowledge and application of online platforms as a means of employment, the use of devices such as computers, portable computer or tablet during work, as well as the application of smartphone applications and internet connectivity.

The third part of the questions concerned trade union affiliation and fiscal policies in the country. Respondents were asked if they were members of a professional association or trade union, and if they are not, then why have they decided like this. We also focused on the current Law on Labour Relations, that is, whether they feel that it is restrictive in terms of their desired activity/form of work. Additionally, one of the questions concerned the national tax policy and how restrictive it is in the concerned business activity.

Fourth, two focus groups were organized. Participants in the first focus group were persons from the Republic of North Macedonia engaged in some of the new forms of work (remote work, work from home, working with more clients on the national and foreign market, as well as persons who find work through online platforms). Participants in the second focus group were workers' representatives and employers in the Republic of North Macedonia. The focus groups were moderated by moderators from CRPM, who led the discussion in accordance with questions and guidelines set out in the Guidebook for Conducting Focus Groups.





## 3.

### Fourth industrial revolution, term and meaning

Industrial revolutions of the past always tended to be challenged by new inventions or new modes of production which represented radical change in the process of creating values. In the eighties' of the last Century, the transition happened from analogue to digital technology, and we still use the innovations from that period, but in a significantly advanced, upgraded and modified version. The digitalization of production and service activities have created the so-called Fourth Industrial Revolution.

Industry 4.0 connects information technology and automation in order to achieve greater efficiency and productivity growth in production processes. We use this term when talking about a smart network composed of people, machines, objects and systems of information and communication technologies. It relates to the further development phase in the organization and management of the value chain linked to the production industry.<sup>1</sup> Industrial leaders believe that new technological solutions will cause a revolution in the way values are created. Moving towards automation of the full value chain, through production and integration of autonomous robots equipped with sensors that collect and analyse data from data networks which stimulates links within and among enterprises, could exponentially increase productivity. Due to the destabilising effects of the innovative use of information-communication technology (ICT), the dispersion of cognitive robotics, the Internet of things and the three-dimensional printing, increasing and long-lasting technological unemployment is yet to be expected, even some researchers and experts predict a future without any jobs.<sup>2</sup> Technological development is expected to lead to the creation of a smart factory, that is, a factory for production of goods and services characterized by efficient use of resources, adaptability and integration of clients and business partners in the process. As the cost of technology decreases, the difference in labour costs on the global scale will no longer be a decisive factor when choosing the production site.<sup>3</sup>

It is still too early to determine the consequences of digitalization on the labour market. But there is a serious threat of closing down traditional businesses and destroying great many good workplaces. As we already mentioned, automating certain work posts may partially or completely replace an employee. It is estimated

<sup>1</sup> Industry 4.0, Challenges and solutions for the digital transformation and use of exponential technologies, Deloitte, page 5 (available internet source: <http://www2.deloitte.com/content/dam/Deloitte/ch/Documents/manufacturing/ch-en-manufacturing-industry-4-0-24102014.pdf>).

<sup>2</sup> International Labour Organisation, Work in the future, ILO centenary initiatives, 1, Series of informative notes, page 1

<sup>3</sup> World Economic Forum, System Initiative on Shaping the Future of Production, Impact of the Fourth Industrial Revolution on Supply Chains, October 2017 (available internet sources: [http://www3.weforum.org/docs/WEF\\_Impact\\_of\\_the\\_Fourth\\_Industrial\\_Revolution\\_on\\_Supply\\_Chains\\_.pdf](http://www3.weforum.org/docs/WEF_Impact_of_the_Fourth_Industrial_Revolution_on_Supply_Chains_.pdf)).

that 35 to 60% of the jobs in the European Union are at risk of digitization. Frey and Osborne (2013) examined the possible automation of occupations, that is, how feasible and technically easy is it to computerize the occupations. Studies have shown that 47% of the total workforce in the USA technically belongs to the category of jobs at high risk of automation in the next two decades. This percentage is somewhat lower in the United Kingdom (35%), while surveys in Germany and France have yielded similar results.<sup>4</sup> A study conducted by the International Labour Organisation recently showed a higher estimation for ASEAN member-states, that is, around three in every five workplaces are facing a high risk of automation.<sup>5</sup> Changes brought about by the digitalisation process mostly affect workers who always need to keep pace with these developments, who always have to upgrade and further their skills in order to meet the demands imposed by the labour market, in order to be competitive for the desired jobs. It is expected that the automation process shall mostly affect job posts which require lower or medium level of qualified workers, since the application of new technologies mostly creates jobs for the higher qualified staff, by which the automation will most likely bring about polarisation on the labour market. In order to avoid disbalance of required skills between the supply and demand of the labour force, the education programs and curricula should focus more on technical, entrepreneurial and creative skills.<sup>6</sup>

On the other hand, the digital transformation of industries opens new possibilities for creation of new jobs by generating innovative business models, new products and modern technology devices, new machines, and reduction of production costs.<sup>7</sup> Highly skilled workforce with significant knowledge of new technologies and operation types can adapt much better to change because the digitization process has the potential to create jobs which are knowledge and talent based. The assumption is that new occupations will emerge, such as large database architects and analysts, or specialists for cloud services, programmers, digital marketing experts, and interestingly enough all of this will be linked to the law. It is envisaged that many legal positions will be created, such as legal knowledge engineers, legal technologists, etc. Estimates are that in the next decade, some of the new jobs will be created by businesses which still do not.<sup>8</sup> It will be a real challenge to successfully resolve the problem created by the digital era, meaning to avoid the elimination of good workplaces at the expense of bad and precarious jobs, regardless of the total employment statistics. The outcome of technological

<sup>4</sup> Arntz, M., T. Gregory and U. Zierahn (2016), "The Risk of Automation for Jobs in OECD Countries: A Comparative Analysis", OECD Social, Employment and Migration Working Papers, No. 189, OECD Publishing, Paris. (available internet source: <http://dx.doi.org/10.1787/5jlz9h56dvq7-en>).

<sup>5</sup> International Labour Organisation, Work in the future, ILO centenary initiatives, 1, Series of informative notes, page 5

<sup>6</sup> European Economic and Social Committee, Impact of digitalization and the on-demand economy on labour markets and the consequences for employment and industrial relations, page 14

<sup>7</sup> Valsamis, Daphné; De Coen, An; Vanoeteren, Valentijn; Van Der Beken, Vim. Employment and Skills Aspects of the Digital Single Market Strategy. European Union, DG Internal Policies, 2015, page 10

<sup>8</sup> Erika Watson, Security for the flexible, as part of the publication Fabian Policy Report, New Forms of Work, page 8 (available internet source: [https://www.fabians.org.uk/wp-content/uploads/2012/10/New-Forms-of-Work\\_WEB1.pdf](https://www.fabians.org.uk/wp-content/uploads/2012/10/New-Forms-of-Work_WEB1.pdf)).

changes depends on how these adjustment processes will be managed.

The Republic of North Macedonia is still not fully affected by the wave of digitization. But these issues have to be considered and analysed in a timely manner, through a serious scientific and public discussion with the stakeholders, as the results will largely depend on the manner in which the country will tackle the challenge. In view of the needs of the industry and workers' representatives (trade unions), participation and support from the country is indispensable. The Republic of North Macedonia further faces yet another challenge - the rapid aging of the population and the emigration of the young and employable population, leading towards a danger of lack of skilled labour for the needs of the domestic market. The outflow of skilled workers has remained an enigma for the state in the recent decades.

*„Analysis are made every three months, but results are increasingly staggering to the extent that the lowest ranking positions are already disappearing, which is a serious problem [...] to the point that the state is required to change the curriculum content taught in secondary schools so there would be ICT staff with secondary education competent to carry out certain positions, which means that even workers with secondary education will be able to work in ICT companies and not just university level staff.“<sup>9</sup>*

Generally, according to experts, there is a problem with a lack of secondary education staff, mainly because of the favourable conditions for acquiring university diploma and the large outflow of workers in the public sector. Workers are facing shortage of workers in many sectors such as construction, tourism, textile industry, etc..<sup>10</sup>

*„Great many of the shortcomings and threats relate precisely to the fact that there is no interest among young people in Macedonia, especially for the industrial occupations, the reasons being different and varied, starting with low salaries [...] My point is that all the structures, and we as representatives of workers point out to these things [...] all the clues began much earlier, but no one bothered to consider how all this will end. For all too long, employers have been comfortable to behave the way they did: "If you like the job stay, if not leave. So without much thought, as long as there was such an offer on the market, they felt comfortable.“<sup>11</sup>*

<sup>9</sup> Focus group with representatives of workers and employers. Representative of the ICT Economic Chamber (MASIT). Conducted on 21.11.2018.

<sup>10</sup> Conclusion from the focus group held with representatives of workers and employers. Conducted on 21.11.2018.

<sup>11</sup> Focus group with representatives of workers and employers. Representative of the Trade Union for Industry, Energy and Mining of the Republic of Macedonia (SIER). Conducted on 21.11.2018.



People, again because of the higher quality of life, live longer and healthier, but have fewer children. For now, most affected are the developed economies, but it will take only one decade before all countries begin to age. The share of the world population aged over 65 is predicted to grow from 8% as it is today, to almost 14% by 2040, so countries will be facing a major challenge linked to the social and health insurance system in aging societies.<sup>12</sup>

It seems that technology is changing industrial relations at a rapid pace, as well as on the labour market, but still our systems of social and health care, and the fight against unemployment, are operating in an inadequate and obsolete fashion. In the Republic of North Macedonia, the public and policy makers are not sufficiently informed about the opportunities available through the use of new forms which should supersede, but not any at any cost, the application of standard contracts and modes of employment.



<sup>12</sup> International Labour Organisation, Work in the future, ILO centenary initiatives, 2, Series of informative notes, page 3

## 4.

## The setup of industrial relations in the Republic of North Macedonia

Industrial Relations or Labour Relations are area that covers the complex relationship between employers and employees, i.e. trade unions, employers' organizations, and the state. To a large extent, for most scientists, trade union organization, collective bargaining, labour relations, as well as the national labour policy and the legal framework governing legislation issues is within the realm of industrial relations. The main task of industrial relations is attaining optimal relationship between economic and social needs, in the development and implementation of social and economic policies, including the building and improvement of labour relations.<sup>13</sup> Through cooperation and interaction between the state, trade unions and employers' organizations, favourable conditions are created for resolving problems linked to the protection of interests of workers and employers, and the experience from several countries shows us that the better the industrial relations system is built in terms of the principles, legal rules and established procedures for interaction, the more efficiently the system of collective labour relations shall function.

The economic conditions during the whole transition period negatively affected the development of industrial relations in the Republic of North Macedonia, especially given the low level of economic growth, the low level of foreign and domestic investments, the rise of poverty and the high level of unemployment. Citizens' dissatisfaction with the political and economic transition was expressed through numerous strikes, rallies and demonstrations, mostly organized by the trade unions, but with negligible effect. The threats of mass layoffs and company shutdowns compelled employed workers to give up their solidarity and collective action.<sup>14</sup>

On the other hand, the legal framework since the beginning of the transition has become more favourable for industrial relations.<sup>15</sup> With the 1991 Constitution, the Republic of North Macedonia has declared itself as a welfare state with a high level of safeguarding of social and economic rights, including the organization of labour in order to protect its interests. Strike and collective bargaining have become constitutionally guaranteed categories. The basic values determined in the Constitution were operationalized in several laws, the pillar of which is the Law on Labour Relations. The neo-liberal agenda strongly impacted the industrial relations in the state. Ever since its independence, the country has been making efforts for pluralism in the social organizing and achieving representativity. Until 2005 one union dominated the labour scene, the Federation of Trade Unions of Macedonia

<sup>13</sup> Krume Nikolovski, the Principles of industrial relations in the collective bargaining process, Economy and Business, year XIII, no. 142, February 2010, page 20

<sup>14</sup> Eurofound, Former Yugoslav Republic of Macedonia (FYROM): Industrial relations profile 2012, page 2

<sup>15</sup> Ibid, page 3

(which inherited the socialist trade union), whereas the Economic Chamber took over the role of Organisation of Employers. With the amendments to the Law on Labour Relations, the representativity threshold was set at 10% for the trade unions and 5% for employers.<sup>16</sup> The problem which has persisted since is that the trade unions are perceived in the public as too close to the political and economic elites and consequently they fail to represent and protect the workers' interests. The Organisation of Employers, just like the trade union organisations, is facing problems of similar character.<sup>17</sup>

The commitments for EU integration of North Macedonia have brought about certain changes in this area. The country has opened its economy towards the European market, which represents the largest part of the Macedonian trade exchange. As a result of the accession process, the European Union introduced new requirements from the countries in transition, which among other things meant adoption of new models of labour relations and social dialogue characterized by an active role of the social partners in the processes of policy making. Ever since its independence, the Republic of North Macedonia has been trying to harmonize its Law on Labour Relations with the standards of the European Union. This process of harmonization of laws with the EU *acquis* enabled the enactment of many other laws and legal provisions. However, the negative effects of the political and economic transition on the labour market are still felt.

#### 4.1.

### Legislative framework

The issues pertaining to employment and labour relations are regulated by the Law on Labour Relations. This Law regulates labour rights, and the representation of workers and employers through trade unions or other organizations. The law also regulates the general and branch collective agreements, the right to strike, and the work of the economic and social council (at the national and local level). Articles 184 to 202 of the Labour Relations Law regulate the trade unions and employers' associations, collective agreements are regulated in Chapter XIX, Articles 203 to 235, where the law has kept some older provisions but also introduces many innovations related to these issues. Articles 236 to 245 refer to the right to strike, whereas articles 246 to 247 regulate the Economic and Social Council (ESC). As already mentioned, some of the most significant changes which actually changed the concept of collective bargaining in the Republic of North Macedonia are the introduction of the model of representativity of entities in the bargaining process. The Law provides for the legal framework for development and operation of organizations of workers and employers. The statutory basis for the functioning

<sup>16</sup> Eurofound, Former Yugoslav Republic of Macedonia (FYROM): Industrial relations profile 2012, pages 2-3

<sup>17</sup> Centre for Research and Policy Making, Industrial Relations in Macedonia: Challenges Ahead of Economic Recovery, 2017, page 7

of the Economic and Social Council has been established, and many consultations were held with the social partners for furthering social dialogue and defining objective criteria for representativity. In 2010, the Commission for determining representativity of the social partners was established.<sup>18</sup> In accordance with the law, the established representativity is for a time period of three years.

#### 4.2.

### Main stakeholders and the social dialogue

Industrial relations in North Macedonia are now in a stage when labour and quality are being regulated. Both forms of social dialogue, bipartite and tripartite, are still in the process of establishment, and their consistent application is yet to be achieved. Bipartite dialogue most often goes through collective agreements (negotiating at the national, branch or at company level). Tripartite dialogue takes place through the Economic and Social Council (ESC). Its Articles of Association define the Economic and Social Council as the body established to achieve the fundamental values set forth in the Constitution of the Republic of North Macedonia as a democratic and social state, with a view to ensuring harmonious development of social processes and application of international conventions, ensuring social rights and promotion of social dialogue. The ESC has an advisory and consultative function and is the venue of social dialogue between the social partners aiming to create conditions for economic and social stability. The signing parties to the Articles of Association of the Economic and Social Council are the Government of the Republic of North Macedonia, the Federation of Trade Unions of Macedonia, the Confederation of Free Trade Unions and the Organization of Employers.<sup>19</sup> The development of the tripartite social dialogue took place in three phases: 1991 - 2003, 2003 - 2009 and 2010 - 2012. During the second and third phase of development of the tripartite social dialogue, the General Collective Agreement for the Economy (Private Sector) was signed between the Federation of Trade Unions of Macedonia and the Organization of Employers of Macedonia as well as the General Collective Agreement for the Public Sector in the Republic of North Macedonia, signed between the Confederation of Free Trade Unions and the Government of the Republic of North Macedonia. The social dialogue rests upon national and international legal frameworks. At the national level, it is guided by the basic principles set forth in the Constitution of the Republic of North Macedonia, as well as the relevant national laws, while the international treaties and conventions are the basis for the international legal framework.<sup>20</sup> The main stakeholders in the industrial relations in the Republic of North Macedonia are the: Ministry of Labour

<sup>18</sup> Vasko Nikolov, Legal Framework for Collective Bargaining in the Republic of Macedonia. Student's Social Science Journal, March 2017, page 271

<sup>19</sup> Economic and Social Council (available internet source: [http://www.mtsp.gov.mk/socijalno-partnerstvo-ns\\_article-ekonomsko-socijalen-sovet.nsp](http://www.mtsp.gov.mk/socijalno-partnerstvo-ns_article-ekonomsko-socijalen-sovet.nsp)).

<sup>20</sup> Centre for Research and Policy Making, Industrial Relations in Macedonia: Challenges Ahead of Economic Recovery, 2017, page 16



and Social Policy, the Economic and Social Council of the Republic of North Macedonia, The Council for Health and Safety at Work and the Commission for establishing of representativity. The two sides pivotal for their functioning, in addition to the government institutions, are trade unions and employers' associations.<sup>21</sup>

Until North Macedonia's independence, almost all employees were members of the only trade union organization, the Federation of Trade Unions of Macedonia (SSM), and in 2005 there was turmoil in the trade union lines resulting into Trade Union for Education, Science and Culture splitting from SSM in July the same year, establishing a new union, the Confederation of Free Trade Unions (KSS). Today, the largest trade union federations in the country are: Federation of Trade Unions of Macedonia (SSM) with 17 branch trade unions; The Confederation of Free Trade Unions (KSS) with 9 branch unions; The Union of Independent and Autonomous Trade Unions (UNASM), with 6 branch unions; and the Confederation of Trade Unions of Macedonia (KSOM) with 2 branch unions.

In the Republic of North Macedonia employers are organised in three organisations: Organisation of Employers of Macedonia (ORM), the Business Confederation of Macedonia and the National Federation of Temporary Work Agencies, but only the ORM has achieved representativity. The Organisation of Employers of Macedonia represents over 15 sectors, employing almost 70,000 persons in over 1,000 private sector enterprises in the country. It was established in 2004, and as of 2006 it separated from the Economic Chamber of Macedonia. It acts independently in the social dialogue and is a signing party of the General Collective Agreement on behalf of employers.<sup>22</sup> The second biggest organisation of employers is the Business Confederation of Macedonia (BCM) representing 8,500 affiliates with over 40,000 employees. The BCM has applied for representativity but its application was not approved, the BCM appealed this decision to the Commission for determining representativity but its appeal was rejected.<sup>23</sup>

Legal entities engaged in economic activity in the Republic of North Macedonia can organise themselves in an economic chamber. The Chambers represent the interests of their affiliates for developing competitiveness on the domestic and international market and improving the conditions for doing business, and in accordance with the Law on Economic Chambers, the Chamber is a business and professional association which reconciles, represents and protects the interests of its members. The Economic Chamber of Macedonia is the oldest and biggest business association in the country. Although not part of the Economic and Social Council, with its size and scope of work it has a significant impact on the social dialogue in the country. Its opinions are taken into account before taking decisions on passing new legal provisions or before taking other important decisions.<sup>24</sup> In

<sup>21</sup> Centre for Research and Policy Making, *Industrial Relations in Macedonia: Challenges Ahead of Economic Recovery*, 2017, page 16-17

<sup>22</sup> Organisation of Employers of Macedonia (available internet source: <http://www.orm.org.mk/index.php/mk/za-nas-43745/koismenie>).

<sup>23</sup> EurWORK, Former Yugoslav Republic of Macedonia, *Industrial relations profile*.

<sup>24</sup> Economic Chamber of Macedonia (available internet source: [http://www.mchamber.org.mk/\(S\(qql0w452mwu2cufwxh43z3k\)\)/default.aspx?Id=1](http://www.mchamber.org.mk/(S(qql0w452mwu2cufwxh43z3k))/default.aspx?Id=1)).

addition to the Economic Chamber of Macedonia, other chambers in Macedonia are the Federation of Economic Chambers of Macedonia which is an autonomous business association, as well as the Economic Chamber of Northwest Macedonia established in 2005, which represents the interests of the business community.<sup>25</sup> In addition to them, there are also other chambers, such as the Economic Chamber on Information and Communication Technologies (MASIT), established upon the initiative of the Macedonian ICT companies. This chamber represents the interest of all ICT sectors, including software and IT service companies, hardware companies and distributors, as well as training providers and ICT consultancies.<sup>26</sup>

The transition period opened the way for development of tripartite dialogue in the state and to that end, the Economic and Social Council was established for the first time in 1996, but in practise the Council did not start functioning properly until 2010. Reasons for this were largely the absence of political will in the country, lack of unity of trade union organisations, and the absence of clear and precise provisions for establishing their representativity. In the case of the employers, the reason was the delay in organizing an appropriate association of employers. A concrete step for overcoming this problem was made with the amendments to the Law on Labour Relations in 2010, when provisions were added which define representativity conditions for trade unions and employers. By signing the Articles of Association, the Economic and Social Council was re-established on 15.08.2010. Signatories to the Agreement were the Government of the Republic of North Macedonia, the Federation of Trade Unions of Macedonia, the Confederation of Free Trade Unions and the Organization of Employers of Macedonia.<sup>27</sup> Thus, the tripartite dialogue began assuming its form and functioned relatively well in the first three years, and the Economic and Social Council started accepting the role for which it was established. Nonetheless, the political crisis from the beginning of 2015 seriously jeopardised the functioning of the ESC, especially due to the frequent change of Ministers of Labour and Social Policy, which is also president of the Council, because of which it was difficult to enable continuity in its operation.<sup>28</sup> In the future, the social partners will have to develop their capacities and work for the betterment of consultation processes when reaching decisions within their interest, in order to improve the economic and social condition in the state.

<sup>25</sup> Centre for Research and Policy Making, *Industrial Relations in Macedonia: Challenges Ahead of Economic Recovery*, 2017, page 22

<sup>26</sup> Economic Chamber for Information and Communication technologies (available internet source: <http://www.masit.org.mk/index.php/mk/2013-07-03-13-09-24>).

<sup>27</sup> Economic and Social Council (available internet source: <http://kss.mk/economic-social-council/>).

<sup>28</sup> Mare Anceva, *Annual Review of Labour Relations and Social Dialogue – Macedonia 2017*. Friedrich Ebert Stiftung, page 7





## 5.

## New forms of employment

## 5.1.

## Gig economy: term and meaning

Within the European Union, there is an ongoing debate regarding the new forms of employment in terms of the influence which they have on the labour force, emphasizing their potential for development of the business environment. To this end, the European Commission and European Parliament are still conducting analysis in search for ways how the new forms of employment can improve working standard, maintaining the balance between social protection and flexibility in order to avoid exploitation of workers' labour. The new forms of employment have a positive effect in terms of reducing unemployment by encouraging as many people who are fit to work to be active on the labour market and help reduce undeclared work, increasing state revenues through increased taxes for the state. In one of its publication regarding the future work, the European Commission defines the term gig economy as the economy in which digital technologies enable their grouping around several projects, often cross borders, while the platforms are linking buyers to suppliers. The Commission notes that it refers also to the collaborative economy which offers possibilities not only to persons seeking flexibility in their work, but also to those who often have fewer chances on the labour market to find a steady job. Certain researchers apply a more limited definition of gig economy in which they only indicate tasks ordered via online platforms, but often executed in a local/physical setting (delivery, other distribution services and domestic services). The Gig economy has created a dynamic environment in which temporary work positions are common, while the contracts signed with workers are short-term work contracts. The work tasks may be segregated and distributed via applications and online platforms. The bidding process through which work tasks are offered, assigned and executed enables, in real time, interaction, joint assessment and ranking of performances of service providers, as well as bigger security for users. Gig economy may offer a way for making best use of the talent, service and expertise at a global level, through access to many service providers, enabling high level of transparency and rewarding the reputation of the best performers.<sup>29</sup>

Nevertheless, there are several concerns for workers engaged in the gig economy, because their work is precarious due to many reasons. These workers have unstable working time and income, do not enjoy all the benefits of standard forms of employment and are facing uncertainty in terms of ensuring contributions for social and pension insurance. Moreover, this mode of work prevents workers' access to trainings, education courses and career development opportunities. Trade unions express concern regarding implications resulting from this manner of work and expect the gig economy to meet its responsibility towards workers and the

<sup>29</sup> EurWORK, European Observatory of Working Life, Gig Economy.

society as a whole, because, even though these jobs seem attractive to workers, they offer workers a fast route back to all the problems which they faced in the past. But problems don't end here, and according to trade unions, online platforms in effect cover up the labour relation, facilitating non-payment of social insurance and evasion of tax obligations.<sup>30</sup> The European Trade Union Confederation calls on the European Commission to provide conditions for online platforms not to deny the existence of a working relationship, and to clarify that a workplace is the location where the worker is doing the work and to make payments to the bodies responsible for tax payments and for social insurance in the country. Also, measures should be taken for ensuring that workers are informed of the working conditions and the employer's name, for eliminating practice of charging a percentage of the employee's salary, payments in kind or reducing the wage by penalty amounts, the labour inspectors should have appropriate tools for investigating the abuses of online workers, workers should be given the possibility to enforce their rights outside borders, and opportunity should be given to workers to organize themselves in trade unions.<sup>31</sup> New forms of work are increasingly becoming reality in the context of digitization. Employers need to adapt to the ever-changing economic circumstances, providing appropriate levels of protection for workers and encouraging their mobility in the labour markets. Active labour market policies should be designed to support cross-sector mobility and retraining of workers, which becomes more and more important as labour markets will adapt to the digital transformation of the economy.<sup>32</sup> Work is no longer a static concept, but rather it turns into roles carried out in different ways, under different legal agreements. Public policies, in accordance with the recommendations, need to adapt to the new conditions and should benefit from the agility that comes with them, mitigating the negative effects. Governments should offer innovative ways of lifelong support to employment, skills and well-being adjusted to the needs of individuals.

## 5.2.

## New forms of employment

Employment relations are the cross-section of the economic organization and the legal arrangement of the work. Each legal system includes a certain concept of employment, which changes according to economic development and organization of work. The standard concept of labour relations pertains to work carried out within formal and unlimited work arrangements with full-time work. It can also be defined as a relationship that occurs at a particular workplace of work

<sup>30</sup> European Trade Union Confederation (ETUC), press release, 28.09.2016 (available internet source: <https://www.etuc.org/en/pressrelease/commission-needs-get-serious-about-tackling-new-forms-undeclared-work#.WiA3qXmBrZ4>).

<sup>31</sup> Ibid.

<sup>32</sup> EurWORK, European Observatory of Working Life, Gig Economy.

outside the home.<sup>33</sup> Regardless of its definition, in any legal system of a country it represents a key regulatory mechanism for the allocation of rights and obligations of the employee and the employer. In the Republic of North Macedonia, the standard employment contracts are applied, which enable a high level of secure labour relationship, in which the employee is protected, enjoys labour rights and all social and health benefits from the labour relationship.

Nonetheless, societal and economic development and the need for increased flexibility in relations between workers and employers prompted, above all, by increased use of advanced technology, have created conditions for new forms of employment. These new modes of work change the standard relationship between employee and employer into unconventional forms of work which often do not depend on the physical presence of the worker at his/her workplace.<sup>34</sup> Many countries apply these new forms in order to increase economic growth by using the workforce potential, creating conditions for opening new jobs on contracts adjusted to certain categories of workers such as the elderly, young mothers, students or pupils. The non-standard forms of employment are often regulated in a manner which increases uncertainty above all for workers, due to lack of adequate or regulated working conditions, as well as on reduced or suppressed rights to social and health protection.<sup>35</sup>

Eurofound, in its research has identified nine new forms of employment in the EU-member states. It should be mentioned that what some countries may consider a new form of work, others perhaps have it as a well-established practice.<sup>36</sup> These new forms are new models of work or forms of employment resulting in work getting done.

The nine new forms of work explained below are: employee sharing, job sharing, voucher-based work, interim management, casual work, ICT-based mobile work, portfolio work, crowd employment (platform work) and collaborative self-employment.<sup>37</sup>

### 5.2.1.

### Employee sharing

In terms of the employment form which differs from the standard concept of one employee and one employer, countries in Europe have two forms of

<sup>33</sup> International Labour Organisation, Work in the future, ILO centenary initiatives, 2, Series of informative notes, page 2

<sup>34</sup> Eurofound (2015), New forms of employment, Publications Office of the European Union, Luxembourg, page 4

<sup>35</sup> International Labour Organisation, Work in the future, ILO centenary initiatives, 3, Series of informative notes, page 4

<sup>36</sup> Eurofound (2018), Overview of new forms of employment – 2018 update, Publications Office of the European Union, Luxembourg, page 1

<sup>37</sup> Ibid.

employment: employee sharing and job sharing. Employee sharing<sup>38</sup> is a form of employment when one worker is jointly hired by group of employers. These workers rotate between various employers, depending on their human resource needs. There are two types of employee sharing.

Strategic employee sharing, is when a group of employers (enterprises) jointly forms a legal person which hires one or several workers hired for individual work assignments with participating employer companies, which are part of the network. Although there is similarity with the temporary work agencies, difference is that workers may work exclusively for the employers who are part of the network, that is, for employers which are jointly hiring and sharing their services depending on needs and scope of work. Thus, this form of employment is regarded as a manner of joint management of human resources and experiences from some countries show that this can be implemented at regional level, especially in case of limited capacity of companies to hire workers on open-ended contracts, that is, in case there is no economic justification for formal employment of the worker. Thus, instead of short and precarious employment contracts, workers are offered a possibility, through joint employment, to obtain contractual security and sustainable jobs. Significant benefit for employers is that they share the employment risk of signing open-ended contracts.

This form of employment appears in order to maintain employment relation between workers and employers, especially when the employer is unable to provide permanent and safe work for the employee. For the practical application of this form in the Republic of North Macedonia, comprehensive analysis of the legal system and some adjustments are needed, in order to examine the needs for human resources in the enterprise in the non-administrative planning regions, the possibility and willingness of enterprises for this kind of cooperation, the available and skilled workforce and the willingness of workers to accept the conditions for work that are offered in this way. It should be taken into account that the geographical distance between the enterprises should be in accordance with the capabilities of the workers to travel daily to the workplace, i.e. it should be calculated whether this mode of employment will be cost-effective for the workers. Agriculture, tourism, construction and the processing industry are activities in which, a successful combination between employers' needs can lead to sustainable, permanent and secure employment of workers. In the Republic of North Macedonia, often in small and medium-sized enterprises, it is necessary to hire certain experts, but there aren't sufficient funds and economic justification to employ that person on full-time basis. Certain countries allow this type of employment if enterprises are part of a joint venture capital.

Ad-hoc employee sharing, is applied when a worker, due to the decreased scope of work, is temporarily unable to assign work to its employees and temporarily sends them to other employer. This form in essence means temporary

<sup>38</sup> Eurofound (2015), New forms of employment, Publications Office of the European Union, Luxembourg, page 11-28

'lending' of employees when the company is facing temporary crisis, whereby employees' work status is uninterrupted but they work in other enterprises which need extra labour.

Employment relation between the original employer and the worker remains, although he/she is sent to temporary work to a different employer. What is visible about this form of employment is the intention that the employer preserves the worker, that is, to have him/her back in its organisation after a certain period. Companies in need for human resources also can have their benefits in this, which, due to their lack of workload are unable to afford workers on open-ended contracts. Added value for employers who hire these workers on fixed-term base is that they cut down on expenditures otherwise used for recruitment of new workers or additional on-job training necessary for them to start work. On the other hand, for workers, this form of temporary work with another employer is a way to avoid forced or temporary dismissal, or crisis measures that would be taken by the employer, and would have a negative reflection on the well-being of the worker, such as restructuring or offer of new part-time employment. This form of employment is guided by the intention of the employer to preserve the employment relation with a good worker, even at times when sustainable work cannot be provided.

### 5.2.2.

### Job sharing

Job sharing<sup>39</sup> is an employment relationship in which one employer hires several workers, but most often two, to jointly fill one full-time position. Practise has shown that such a division of work may be arranged with one contract which includes both workers, whereby workers share their wage and benefits of full-time employment, on a proportional basis. Job sharing, is not the same as work sharing, because work sharing, refers to the short-time reduction of office hours in order to split works among workers, in order to avoid layoffs of certain number of workers. This form of employment is applied without and specific regulations, that is, by using the standard employment contracts, leaving room for informal agreement between the employer and employees concerning details.

The main reason for applying this new form of employment by employers is the desire to offer workers a flexible means of work, while ensuring full-time staffing of that post. It is useful where there is a legal obligation to provide flexible part-time work for certain categories of workers. It is used as a way of employing older persons, people who do not want or are unable to work full-time due to other private obligations (childcare or care for other persons, education, trainings, and courses), as well as for persons with limited business capacities. Job sharing is applied when it is possible to split the work according to work tasks, working hours

<sup>39</sup> Eurofound (2015), New forms of employment, Publications Office of the European Union, Luxembourg, page 31-38



or the skills of employee. The challenge for employers may be the coordination of workers, especially in terms of their skills, but also willingness for cooperation and shared responsibility.

The inadequate application of this form of employment can result in increased work intensity, as well as in overtime work. In countries such as the Republic of North Macedonia, where part-time employment is not too common, there is fear among workers and they do not want to work part-time, primarily because they fear losing their job or losing the opportunity to work full-time again in the future. However, the application of this mode of employment has the potential to increase the employment of groups which have lower chances on the labour market, as well as job seekers who do not have the opportunity to be competitive for full-time work. Job sharing can be an opportunity to reduce unemployment among the young population, because it allows older workers to gradually exit the labour market while transferring their accumulated knowledge and experiences to younger staff which inherit the job post. In the United Kingdom, this employment form is used for the employment of young mothers who return to the labour market after maternity leave or women who have children dependent on their care. Job sharing is also applicable in the public sector, especially if employers are facing budget cuts, then this form can be used in order to provide all necessary public services.

### 5.2.3.

### Voucher – based work

Work based on payment via vouchers<sup>40</sup> (daily coupon), is a form of employment/ hiring by which the employer is using vouchers instead of cash, as a means of payment for a service obtained from the workers. This way workers are hired for concrete tasks which have to be executed within a certain time period.

The voucher (daily coupon) can be used to pay for any form of work, however, in practice it is used and covers a limited scope of services, especially if the state estimates that other services can be delivered through other forms of work on the labour market. The method of application is almost similar in all countries. The employer acquires a voucher issued by an authorized institution and thus is allowed to hire a person to execute those tasks, or can do the same through an agency that mediates in the hiring of voucher-based workers. The voucher is issued in two identical copies, one of which remains with the employer as evidence of the payment made, while the other is given to the worker as a means of payment and proof of engagement. For this purpose, the employer can purchase a voucher book from an authorized institution, where each voucher is marked with a unique number and detailed instructions for its use. The voucher includes the name and surname, the number of working hours, the amount of payment per hours worked,

<sup>40</sup> Eurofound (2015), New forms of employment, Publications Office of the European Union, Luxembourg, page 82-101

the date and the tax number or personal identification number of the person hired. The state can determine the amount of the minimum hourly wage in order to protect workers, and the employee can be paid in cash or through bank transaction. The use of vouchers is limited, by determining the maximum annual income acquired in this way of work, or by determining the maximum number of working days or hours since the purpose is to prevent engaging workers in this mode so as to prevent replacement of standard forms of employment by which workers can be employed.

Business activities where this form of employment/hiring is used are agriculture, tourism, processing industry, as well as activities related to domestic or household help, including care of children or infirm persons. The aim is to reduce the practice of unregistered hiring of workers, thus enabling coverage of part of the contributions for these workers. On the other hand, this model helps relieve the administrative burden of employers when hiring workers for fixed-term tasks. Employers can manage their own human resource needs in a flexible manner, given the unstable character of their activity, as well as the potential loss they would face if unable to hire a new employee fast.

Certain countries have identified special categories of persons who can work in this way: pensioners, persons enrolled in educational institutions who have the opportunity to work (high school students during weekends), welfare beneficiaries or people who lost their job due to collective layoffs, part-time workers, etc. These categories of persons are allowed to increase their monthly income, by providing extra income.

### 5.2.4.

### Interim management

Temporary management<sup>41</sup> is a form of fixed-term employment in which the agency second employees to other companies under previously agreed conditions and objectives. Seconding of workers is the main activity of the company. Although there are similarities with temporary employment agencies, staff in these companies are limited to highly skilled professionals who are engaged by these companies in order to solve a particular managerial or technical challenge or to help overcome economic hardships.

This way companies have access to staff with a high level of professional knowledge, engaged on temporary base as a temporary manager, without the obligation for long-term commitment and cooperation, with the possibility for this worker to introduce new ideas and diversity in the working environment. The temporary management is important for small and medium-sized enterprises, especially those facing organizational problems because they receive expertise only

<sup>41</sup> Eurofound (2015), New forms of employment, Publications Office of the European Union, Luxembourg, page 40-45

when needed, given that their resources can be quite limited and they are unable to hire on long-term base highly skilled persons in managerial positions. Unlike the provision of management consulting services, the interim manager integrates the work organization of the company and although considered as external management, these specific tasks render him/her the authority to give instructions and to be subject to instructions. Persons employed through this type are usually older and have a high level of expertise and experience in crisis management. This form can be found in companies from the energy sector, construction, ICT industry, manufacturing industry and the banking sector.

It is considered that persons decide to work in this way because they were made redundant or due to redistribution in the work organization or due to important family responsibilities (small children, etc.). It is also often used as a means of additional earning due to the likelihood of a high degree of flexibility, freedom and ability to develop skills. Very often, temporary management can enable these individuals achieve a better balance between private and professional life. This form of employment can be achieved through a fixed-term contract, or with a part-time or full-time job contract. Due to the high level of precariousness of such an employment model, employees receive bonuses and premiums. Adapting to the new environment might be a difficulty, as well as the risk from professional isolation, primarily because of the specific position these managers have in the company.

The temporary management works as follows. A particular company declares a need for expert manager and contacts the agency that mediates in such employments. The agency announces this vacancy to its base of managers. Those who are qualified for the job are selected and presented to the interested company. The company then selects the candidate whom it finds to be most appropriate, according to their needs. Finally, negotiations for the contract take place (regarding length of service and conditions). The agency constantly monitors the whole process and performs quality assurance of the tasks carried out by its manager.

### 5.2.5.

### ICT-based mobile work

Application of modern technology gave rise to new forms of organizing and executing tasks, and increased use of employment contracts allows work to be carried out outside employer premises. Workers engaged for such a type of work, i.e. to work remotely<sup>42</sup>, have no designated workplace, but can execute their tasks at places where such conditions exist, as long as work gets done, in harmony with the work schedule and private life of the worker. The increased number of remote workers, is primarily a result of the technological development of the new portable

<sup>42</sup> Eurofound (2015), New forms of employment, Publications Office of the European Union, Luxembourg, page 72-80

devices (smartphones, tablets, portable computers), as well as of the rapid and easy access to Internet from almost everywhere and all public spaces where workers wish to work (cafes, airports, shopping malls, etc.).

Remote work (work outside the employer's business premises) can be done in an informal manner, depending on the company's work practices, as well as on the flexibility of legal provisions that regulate these issues. Workers can inform their supervisors and colleagues about the planned work from home or from another location for several days during the week or the month. For smooth operation and work outside employer premises, the company should provide the use of software solutions for connecting employee devices to the data and information they need to perform their tasks. Communication with colleagues and employers for those working remotely, can be done in different ways, using the available technology that provides audio and video communication (Skype, Facebook Messenger and other social networking tools).

Work from home or remote work enables optimal utilisation of available time for workers, saving the time that the employee would need in order to travel to work. This model offers potential integration on the labour market of those persons with limited work opportunities in their environment, persons who are unable to regularly work a certain number of hours on premises the employer, regardless whether for health or personal reasons, as well as persons with limited ability to communicate directly. In countries or regions with lower population density and large distances between settlements and large cities, remote work is a potential driver of economic growth. People can work without having to move or to incur additional expenses, especially if they come from regions with a lack of developed infrastructure connections with the rest of the country. Employers this way gain extra opportunity to attract highly skilled workforce, to reduce office space costs, and costs they would have to cover for workers, such as travel and food costs.

### 5.2.6.

### Crowd employment (Platform work)

Crowd employment or crowd sourcing<sup>43</sup> is an employment form that uses online platform to enable organisations or individuals to access an indefinite and unknown group of organisations or individuals to solve specific problems or provide special services that will be paid for. This form of employment allows that tasks, which would normally be delegated to a single employee, be offered to large pool of 'virtual workers'.

It refers to engaging individuals for specific tasks or projects and does not qualify as a permanent employment relationship. The advantage is that complex work tasks can be broken down into more virtual workers. The services offered

<sup>43</sup> Eurofound (2015), New forms of employment, Publications Office of the European Union, Luxembourg, page 107-116

through this type of employment mainly relate to the IT sector, marketing, product development or problem solving tasks, hiring translators, editors, web designers, software developers, designers and journalists, in general, services related to the creative industries. Analysis shows that clients are mainly citizens of the countries in which the online platform has its headquarters, which is surprising given the global character of the "virtual labour market".

The main motivation for employers to use this opportunity of engaging people through online platforms is to access a vast source of knowledge and experience, as well as the ability to carry out tasks more quickly, avoiding a range of administrative costs and procedures that can be a burden for the client. The risk here is losing control and supervision of work performances, especially if more workers are hired. It is a challenge for workers to be coordinated and harmonized in a way that will ensure complementarity and efficient and high-quality fulfilment of tasks assigned to them by the employer. The people who chose this type of work see an opportunity to upgrade their knowledge and skills, to learn more about the work because sometimes they do not have to have experience, a chance to promote themselves to other clients and workers, they have a better chance to harmonise private obligations with professional life, as well as to earn extra, which can even be their primary source of monthly income.

Hiring employees through online platform is carried out by publishing a call, with previously defined rules, and it can refer to a particular group or to all interested persons who are considered competent. In the next phase, the client reviews the received applications, choosing the most suitable candidate. Platforms may require their users to register and may act as an intermediary between the client and the employee, allowing both sides a medium of communication exclusively through the platform. Depending on the rules, certain platforms provide direct contact between the client and the employee. Mainly, as a means of financing, online platforms use the service charges to publish the call of the client, or they charge a fee from the agreed payment amount between the two parties. Sometimes the agreed amount and services between both parties may be subject to secrecy, while payment is made via the platform in order to protect the employee and ensure payment for his services. The Platform Administrator does not check the legal status of the employee (employed, unemployed, etc.) nor does it interfere with his/her obligations to pay taxes towards competent institutions in the country of residence, and the same applies for the social and health care contributions. Since the legal framework regulating labour relations is not applied, neither the right to minimum wage, annual leave or sick leave are applied. The employment relationship is based on a separate agreement between the client and the employee, hence the salary, working conditions and other issues (especially concerning intellectual property) are decided upon on both sides of the platform.

The whole process is different from the traditional way of employment, starting from the fact that here we have clients and workers who offer their services on the global labour market. Many of the clients are small and medium enterprises that do not have the capacity to solve particular problems. Virtual workers use this

form of employment in order to gain additional income, and most often the categories of workers using online platforms are students, unemployed or persons on parental leave, as well as freelancers and persons for whom this is the only way of working on something they really want.

### 5.2.7.

### Casual work (on-call work)

Casual work<sup>44</sup>, is employment which is not stable, secure and continuous. The employer is not obligated to provide regular work for the employee, and can call the employee when needed, i.e. the engagement of the employee most often depends on the workload, without expectations for permanent employment. This on-call work is a flexible form of employment to meet employers' needs by engaging workers for short-term assignments. To this end, employers use their own workforce bases to hire them or do so through intermediaries such as temporary employment agencies.

The employment contracts are usually limited in sectors employing seasonal workers or in sectors where demand and need for workers varies depending on the workload (catering, tourism, health care, care for the elderly, fast food restaurants, etc.). This way employers have flexibility in matching the need for additional labour force during high season, and can fill up shortages of labour force which sometimes happens in their organization. The high level of flexibility for employers, on the other hand, brings low level of security for workers, considering that it is a fixed-term job, without reliable and regular working hours, with low income, limited contributions and other benefits from the system for health and social protection. This form of employment can be beneficial to those who want to have less working hours in order to better match the private with professional life, and can also be a good opportunity for students to be able to work.

Problems that may arise with this form of employment is when a worker is required to start work within a very short time, as in practice it happens that he/she is called only one hour before the start of the shift, and therefore he/she must cancel private plans or obligations, if called to work. Workers are not obligated to accept the call and the work offer, and if they refuse to be hired, the next candidate is contacted, but each refusal to accept work when called is recorded, and this reduces their chances of being called again. Employment on a temporary employment contract can provide an opportunity for further formal employment for workers.

<sup>44</sup> Eurofound (2015), New forms of employment, Publications Office of the European Union, Luxembourg, page 46-70



## 5.2.8.

## Portfolio work

Work with a portfolio<sup>45</sup> of clients are small contracts with individuals who work freelance, who are self-employed or micro enterprises that work for many clients at the same time. These workers have more jobs or contracts in different areas and with different clients and companies. One employee places his knowledge and skills at the disposal of different organizations.

Main features of working with a portfolio of clients include self-management, independence, promotion and advertising to customers, building and maintaining working relationships with a variety of industries, adapting to different work situations and customer requirements, and developing work which does not depend on one organization. The portfolio work has been identified as a more important form of employment in many countries, probably due to its connection to the indications that the number of self-employed persons and sole proprietors has increased in the EU-member states with the onset of the economic crisis. The economic crisis led to increased number of so-called independent experts who are highly skilled self-employed persons and do not employ other workers. They provide expert services on freelance basis (freelancers), often in cooperation with others, by which we can assume that most of them are portfolio workers. It is estimated that between 2004 and 2014, their number increased by 45%, making this the fastest growing category of workers on the labour market of the EU.

In countries where this mode of work is identified, there are no specific legal frameworks or collective agreement that regulate the activities of freelancers, self-employed persons or micro enterprises. Instead, this type of work is regulated between the client and the employee in the form of a service contract, while payment is made upon delivering the final results for the finished product, but not upon hours worked. Working conditions, social and health care are the sole concern of the employee. Work with a portfolio of clients is increasingly practiced by creative workers (journalists, translators, IT workers). Similarly, these workers represent 25% of those working in expert, scientific and technical jobs in the EU and 22% of those working in the field of arts and entertainment. In Austria, many self-employed people who do not have their own employees are considered portfolio workers and on average they have 30 different clients. For 80% of them this is the main thing, while the majority of others work with a portfolio of clients besides their regular employment.

Workers are driven by the desire to work this way due to the high degree of independence, a sense of fulfilment and opportunity to focus on work that is of interest to them. They do not expand into larger companies, they remain without their employees in order to remain free from managerial responsibilities. Working

<sup>45</sup> Eurofound (2015), New forms of employment, Publications Office of the European Union, Luxembourg, 103-106

with a portfolio of clients is not suitable for all workers, this type of work requires high level of expertise, skills, expert knowledge and the ability for self-promotion on the labour market. The employee needs to have the ability to manage a large number of tasks and clients.

On the other side, clients find this form of employment attractive because it can offer high degree of flexibility and value for the invested funds, providing a quick solution. Deterrents in this type of work may be the mismatch between the portfolio worker and the existing organizational structure, the lack of trust and financial constraints that may be a consequence of the austerity measures. The working conditions provide a high degree of flexibility for the employee, provided that she/he has an easy access to new engagements which are well-paid. The negative implications may arise in terms of the social protection that depends on the type and subject of the contract. The job tasks very often are without defined working hours, the employee has a limited access to training, is facing a large volume of work tasks, which is why often they work on weekends and holidays, or in cases of deteriorated health. If a worker accepts such work assignments only to secure monthly income and cover social contributions, without making substantial earnings, there is a likelihood that work tasks do not match the experience and skills of the employee. This form of work can increase the work span of the workforce which, as we can see from data provided above, is rapidly ageing, that is, such workers can be engaged under this form even after retirement, allowing extra income in addition to the pension income, while employers receive quality service rendered by older and more experienced workers.

## 5.2.9.

Collaborative self-employment  
(collaborative models)

The co-operation between self-employed workers and small and medium-sized enterprises is a way of doing business geared to overcome the constraints imposed due to their lower capacity compared to larger competitors in the same economic activity. In practice, certain forms of cooperation emerge that go beyond the traditional supply chains and partnerships between freelancers, the self-employed and small and medium-sized enterprises (usually micro enterprises). New ways of cooperation are:

**Umbrella organizations<sup>46</sup>**, as the name itself suggests, this is an 'umbrella' for self-employed persons or freelancers, under which they can manage their work. While retaining the main features of their entrepreneurial activity (risks, independence and autonomy), the umbrella organisation provides support to their administrative responsibilities. They represent non-profit organizations where

<sup>46</sup> Eurofound (2015), New forms of employment, Publications Office of the European Union, Luxembourg, page 118-127

consultants join as members and offer their services in a manner similar to the new form of employment - temporary management. Persons who are members of these organizations are highly skilled managers who, after their retirement, have decided to work as consultants who can provide temporary managerial assistance, can help develop business plans, and can provide personal trainings and mentoring of young managers. Consultants can work full or part time, and the service and payment contracts are agreed between the organization and the clients, and also the administrative responsibilities are covered by the umbrella organization. The consultant is given full autonomy in the execution of work tasks and relations with the clients. In addition to the administrative responsibilities covered by the organization, in some cases, the membership of self-employed persons can mean acquiring concrete social benefits (better social protection), compared to the standard conditions that the self-employed persons have. Consultancy services are mainly provided by older workers (often retired persons) and most of the clients are small and medium-sized enterprises and start-up businesses.

**Co-working<sup>47</sup>** is a new form of work in which self-employed persons, freelancers or small enterprises can rent office space for a defined or indefinite duration of time, depending on their needs. In case they rent space for indefinite period, co-workers have the chance to select an office of closed type, that is, space that suits them better, because such centres also include open offices for work where other self-employed persons work already. These offices are joint workspace where people have access to internet, printer, scanner, telephones, conference rooms, delivery of personal mail (sent to the office address), in a word all the necessary conditions for running their own business. The centres often have space for holding trainings, trainings, meetings, as well as places for rest and cafes. Co-workers are provided with space for social interaction with their clients in rooms that are adapted for this purpose. Moreover, joint activities can be organized from time to time within these co-working centres, such as breakfast, lunch or social events that can be a good opportunity for initiating cooperation among the self-employed persons. For the co-workers, the centre that manages the common working space can offer access to legal and administrative services, as well as business consultations, even a vehicle for self-employed persons. The rental conditions are flexible and can respond to the needs of co-workers and often such centres are guided by general codes of conduct with the goal of creating pleasant working conditions for all co-workers. Such co-working centres are often used by workers in the creative industries, but also in consulting services. Often they are available in large cities, and co-workers are mostly younger and highly skilled workers. The motivation of the self-employed persons, as well as for the persons working part-time, is to cooperate and in such a way to overcome the isolation imposed by this type of work, but also to cut on costs they would otherwise have to invest in their own furnished office, which, in this case, they rent out.

<sup>47</sup> Eurofound (2015), New forms of employment, Publications Office of the European Union, Luxembourg, page 118-127

## 6.

## Analysis of legislative provisions and possibilities for applying these new forms of employment in the Republic of North Macedonia

In the Republic of North Macedonia, the legal framework regulating to the right to work and the labour relations is provided by the Constitution of the Republic of North Macedonia and in the Law on Labour Relations (LRR). Certain more specific provisions are provided for by laws pertaining to the respective field. In general, the legal framework has been inherited from the previous system, and after the country declared independence, it was amended on several occasions so as to better respond to the needs of the socio-economic developments. Since the adoption of the Law on Labour Relations in 2005, the law has been amended 23 times, and the last amendment was in 2018. In the above context, during 2018 the drafting of a new Law on Labour Relations began, which anticipates many changes, including changes in the chapters on work contracts, seasonal work, and home-based work.

The Law on Labour Relations regulates work relations between employees and employers, the prohibition of discrimination, the employment contract, the rights and obligations of employees and employers, cancellation of the employment contract, the protection at work, the salary and benefits, overtime work, the right to rest, paid parental leave and sick leave.<sup>48</sup> Further on, it also regulates the representation of workers and employers in trade unions and employers' organisations, collective agreements, the right to strike, and the economic and social council (at national and local level) as a tripartite body established by the Government and the social partners for conducting social dialogue. The purpose of the Law on Labour Relations is to regulate the work process and ensure its smooth course while respecting the right of workers to freedom of labour, dignity and protection of the interests of workers within the employment relation. The Law on Labour Relations, as a separate law which regulates rights and obligations arising from employment, protects everyone who has concluded an employment contract with an employer and treats the employment contract as the basis for establishing an employment relation.

In the Republic of North Macedonia, the employment relationship is based on the signing of a written employment contract between an employee and an employer. The employment relationship is a contractual relationship by which the employee voluntarily joins the organized work process with an employer, for salary and other benefits and continuously performs the work in accordance with instructions and under supervision of the employer. Without an employment contract, the employee can not start work and the rights and obligations arising from this contract are effective from the day the worker starts work. The employer

<sup>48</sup> Law on Labour Relations ("Official Gazette of the Republic of Macedonia" no. 62/2005; 106/2008; 161/2008; 114/2009; 130/2009; 149/2009; 50/2010; 52/2010; 124/2010; 47/2011; 11/2012; 39/2012; 13/2013; 25/2013; 170/2013; 187/2013; 113/2014; 20/2015; 33/2015; 72/2015; 129/2015 and 27/2016).



hires workers by announcing a public call, in accordance with conditions stipulated by the Law, an exception being the employment of seasonal workers, that is, for purposes of performing seasonal work, for which an employment relationship can also be established without public call, with mediation of the service which is authorised to mediate during such employment.

The employment contract may be terminated by a written agreement or with a notice of dismissal. An employee may terminate the employment contract with a written statement, while the employer may terminate the contract only in cases of a grounded reason (improper behaviour of the employee, non-compliance with obligations, violation of order and discipline) or if there is no longer a need for discharge of tasks for which the employee is hired, i.e. due to economic, organizational, technological, structural or other business reasons. During the notice period, the employer is obligated to provide for the employee an absence period for him/her to be able to search for new employment, during which the employee is entitled to salary compensation (which is regulated by a collective agreement). Prior to cancelling the contract, the employer may offer the employee to continue work via takeover from another employer and concluding employment contract for tasks which correspond to his/her professional qualifications. He worker can also receive training, retraining, or additional education with the same or another employer. The employer may also offer a new employment contract to the employee.

## 6.1.

### Content of the employment contract and obligations of the employee and the employer

Just like any contract, the employment contract<sup>49</sup> also contains basic data about contracting parties, as well as the date of commencement of work of the employee. In the contract, the employer shall indicate the workplace title, and more data about the type of work for which the employee concludes a contract, a brief description of the work that the worker will perform in accordance with the employment contract, along with the place where the work shall take place. In case the exact place of performance is not stated, it shall be considered that work shall be executed on premises the employer. If the contract is concluded for a fixed period of time, the duration of the employment relation is determined, with indication whether work is full or part time based, including the provision about the number of daily or weekly hours worked, and the distribution of working hours. The amount of the base salary is indicated as well, with indication of the other allowances which the employee is entitled to in accordance with the law and collective agreement, as well as provisions related to the use of annual leave. Amendments to the contract

<sup>49</sup> Law on Labour Relations ("Official Gazette of the Republic of Macedonia" no. 62/2005; 106/2008; 161/2008; 114/2009; 130/2009; 149/2009; 50/2010; 52/2010; 124/2010; 47/2011; 11/2012; 39/2012; 13/2013; 25/2013; 170/2013; 187/2013; 113/2014; 20/2015; 33/2015; 72/2015; 129/2015 and 27/2016).

may be proposed by both parties and are introduced with an annex to the employment contract. Changes may be made with the consent by both parties.

The employee is obligated to perform the work tasks which are subject to the employment contract in accordance with the instructions given by the employer, with full observance of the work organization and the business activity of the employer. It is the duty of the employee to refrain from any procedures that, considering the nature of the work, are harmful or would violate the interests of the employer. Data considered a business secret of the employer shall not be used by workers for their own needs, and every worker shall keep in confidence all classified materials, information and data encountered during work. The law protects the employer if the worker acquires technical, production or business knowledge and connections in the course of work, that is, in the contract both parties can agree to respect the non-competition clause upon termination of the employment contract. On the other hand, the employer's duty is to enable conditions for the performance of work, adequate payment, safe working conditions, as well as protection and respect to the personality and dignity of employees.

In the Republic of North Macedonia there are many types of employment contracts which may be used in practice, but due to the legal uncertainty employers do not apply all forms of employment, meaning, the most commonly applied employment contracts are the open-ended and fixed time employment contract, with full-time or part time work.

## 6.2.

### Open-ended employment contract

In the Republic of North Macedonia, most of the employment forms are based on open-ended contracts with full-time work, by concluding the standard employment contract, whose duration is not determined in advance. This employment contract provides for greater legal certainty for the employee and the employer and enables sustainability of the employment, without the possibility of its termination unless there is a grounded reason for this, and all the mandatory social contributions are covered for the employee.<sup>50</sup> According to statistical data published on the MAKStat database of the State Statistical Office, there has been a significant increase in fixed-term employment contracts. In 2017, 18.66% of the employees were employed on a fixed-term employment contract, while this percentage in 2011 was 11.91% of the total number of employees who have an employment contract.<sup>51</sup>

<sup>50</sup> Law on Labour Relations ("Official Gazette of the Republic of Macedonia" no. 62/2005; 106/2008; 161/2008; 114/2009; 130/2009; 149/2009; 50/2010; 52/2010; 124/2010; 47/2011; 11/2012; 39/2012; 13/2013; 25/2013; 170/2013; 187/2013; 113/2014; 20/2015; 33/2015; 72/2015; 129/2015 and 27/2016).

<sup>51</sup> Data presented in this statistical overview are obtained on the basis of the statistical research on employees and salaries as of October for the years specified, processed and published by the State Statistical Office.

Number of employee based on the type of employment, according to the national classification of business activity, per years;			
Year	Total	Number of employees on open-ended contracts	Number of employee on fixed-term contracts
2011	458 873	404 200	54 673
2015	519 031	442 113	76 918
2016	534 200	438 347	95 853
2018	548 681	446 264	102 417

*\*Prepared according to data of the State Statistical Office*

Data published by the Employment Service Agency of the Republic of North Macedonia (ESARNM), in its 2017 Annual Report corroborate the data about increased employment on fixed-term contracts. The ESARNM maintains record of all registered employments (on the basis of entered M-1 registration forms). In the 01.01.2017 to 31.12.2017 period, the total of 185,237 entries of registered employments have been made. According to the type of entries, whooping 58.8% are registered entries for fixed-term employment and seasonal work, whereas 41.2% are registered entries of employment on open-ended basis.<sup>52</sup>

Number of entries of M1 - forms - for registration of employment;			
Year	Total number of entries for registration of employment relations	Registered entries for employment on open-ended contract	Registered entries for employment on fixed term contract and seasonal work
2012	194 951	85 529	109 422
2013	167 575	77 291	90 284
2014	178 115	81 370	96 745
2015	189 807	90 691	99 116
2016	184 877	84 805	100 072
2017	185 237	76 317	108 920

*\* Prepared according to data of the Employment Service Agency of Republic of North Macedonia*

<sup>52</sup> Employment Agency of the Republic of Macedonia, Annual Report for 2017, Skopje, 2018, page 8

### 6.3.

### Fixed-term employment contract

Fixed-term employment contracts may be concluded in the Republic of North Macedonia for a fixed-term of maximum five years for performing the same type of work with or without interruptions. The contract ceases to be valid with the lapse of the specified deadline, or when the agreed type of work is completed or in case of cease of the purposes for which the contracts was concluded. Fixed-term employment may be applied for hiring a worker as replacement of a temporary absent worker (who is on parental leave, sick leave, etc.) and the employment contract may be concluded until the return of the temporarily absent worker back to work.<sup>53</sup>

Employment relation concluded with the application of the standard fixed-term employment contract may be transformed into open-ended employment contract if the worker continues to work at the same workplace after expiry of the legally specified deadline of five years. The contract may be transformed even before the expiry of the specified deadline provided that the worker worked longer than two years on the workplace which has become vacated due to retirement of other worker or on other grounds and in case funds have been provided for that workplace and the employer deems there is a need to hire the worker on open-ended basis. Concerning transformation of the employment contract, there is only an exception in the case of seasonal work contracts.

The table shown above indicates that the fixed-term employment contract is increasingly used as a form of employment in the country. Regarding this employment contract, trade unions in the Republic of North Macedonia have had many remarks. For the Trade Union of Administration, this form of employment creates uncertainty among employees, because the contracts are terminated before the expiration or earlier than the largely stipulated deadline and the employee can not exercise certain rights in accordance with the Law on Pension and Disability Insurance.<sup>54</sup> Also the Trade Union of Industry, Energy and Mining of Macedonia (SIER), is in favour of amendments to the Law on Labour Relations, in particular for amending the provisions which presently allows that fixer-term contract with the same employer be concluded for up to five years. According to them and to all criteria compliant with international conventions and directives for decent work, fixed-term employment is in the category of precarious work types. According to SIER, the Law already allows for probationary work, and five years is a very long period for a worker to be working under a fixed-term contract. In practise,

<sup>53</sup> Law on Labour Relations ("Official Gazette of the Republic of Macedonia" no. 62/2005; 106/2008; 161/2008; 114/2009; 130/2009; 149/2009; 50/2010; 52/2010; 124/2010; 47/2011; 11/2012; 39/2012; 13/2013; 25/2013; 170/2013; 187/2013; 113/2014; 20/2015; 33/2015; 72/2015; 129/2015 and 27/2016).

<sup>54</sup> News agency Zurnal, 03.04.2018: Trade unions call for abolition of fixed-term employment (available internet source: <http://www.zurnal.mk/content/?id=184311214159>).

such contracts are concluded for a maximum of three to six months. And the five-year, deadline is very often extended without any limitations, as there isn't much inspection and control by competent institutions.<sup>55</sup> According to Mare Ancheva, Secretary General of the trade union SIER, in the private sector, fixed-term contracts are becoming a rule, although they should be the exception, that is, this employment contract should be concluded only in certain circumstances, such as for replacement of a worker, in case of increased workload, project work, etc. Workers encounter many different unpleasant situations, when, for instance, only one day before the expiry of the contract, the employee receives an annex to the contract which stipulates the time period for which the employment contract has been extended.<sup>56</sup> The Business Confederation of Macedonia believes that serious companies in the country do not misuse labour rights by manipulating the fixed-term contracts, and that such contracts are most prevalent in certain business sectors such as agriculture, consulting services, food industry and construction, and their engagement always depends on the specifics of the work tasks.<sup>57</sup> In the public sector in the Republic of North Macedonia, problems of this kind are much less common and exist mainly in education. The Ombudsman, in its Annual Report on the degree of respect, promotion and protection of human rights and freedoms for 2017, has noted non-extension of fixed-term contracts and concluding new fixed-term contracts with person different from the ones that originally worked, which is a classical abuse of directors. The employment on fixed-term contract represents abuse of the worker's labour in case after the expiration of that contract, instead of transforming the employment relation into an open-ended one, a new person is hired on fixed-term contract.<sup>58</sup>

The Labour Relations Law prohibits dismissal of pregnant women, but only if she has an open-ended contract, because there are no special mechanisms in place which protect women on fixed-term employment contracts.<sup>59</sup> An employee would face a similar problem in case of injury or health problem, because the employer would not chose to keep that worker and extend his/her contract, in case it concerns a fixed-term contract. A significant problem is also that employees employed in this way have no legal certainty that the employment relationship will continue.

<sup>55</sup> News agency Makfax, 23.05.2018: Each employee should be registered on open-ended contract basis, says SIER (available internet source:

<https://makfax.com.mk/ekonomija/%D1%81%D0%B5%D0%BA%D0%BE%D1%98-%D0%B2%D1%80%D0%B0%D0%B1%D0%BE%D1%82%D0%B5%D0%BD-%D1%82%D1%80%D0%B5%D0%B1%D0%B0-%D0%B4%D0%B0-%D0%B5-%D0%BF%D1%80%D0%B8%D1%98%D0%B0%D0%B2%D0%B5%D0%BD-%D0%BD%D0%B0-%D0%BD/>).

<sup>56</sup> Portal Akademik, 03.04.2018: Trade Unions demand shortening of period for fixed-term employment (available internet source: <https://www.akademik.mk/sindikate-baraat-skratuvane-na-periodot-za-vrabortuvaneto-na-opredeleno-vreme/>).

<sup>57</sup> Ibid.

<sup>58</sup> Ombudsman's Annual Report on the degree of respect, promotion and protection of human rights and freedoms for 2017.

<sup>59</sup> Zorana Gadzovska Spasovska, Radio Free Europe, 06.11.2014: Women are hard to find work but can easily be fired (available internet source: <https://www.slobodnaevropa.mk/a/26677381.html>).

## 6.4.

## Seasonal-work contract

The Law on Labour Relations provides for seasonal work contracts, that is, possibility to hire workers for work types which, due to climate or natural conditions cannot be exercised during the entire year, but only in specified seasons and which does not exceed eight months within a period of twelve consecutive months.<sup>60</sup>

This form of employment provides for protection of workers engaged in seasonal work with a fixed-term contract, in case, in the course of three months a year without interruptions, she/he worked more hours than those stipulated for the full-time work, and the worker may request that hours be calculated into workdays of full-time work. Such workdays shall be added in the employment record of the worker, as considered as working days, but the total length of service in one calendar year must not exceed twelve months.

## 6.5.

## Part-time work contract

One of the standard employment contracts regulated by the LRR is also the part-time work contract, concluded for a shorter number of working hours than the full-time ones.<sup>61</sup> Workers on part-time contract have contractual rights and obligations just like workers on full-time contracts, and the rights and obligations of the worker are exercised proportional to the time for which the employment contract was signed. Unless otherwise provided for, the employer may not impose on the worker an obligation to work longer than the agreed working time, because the employment contract specifies the start and end of working time during the day, and the employer keeps separate record of workers working shorter hours.

According to data of the State Statistical Office, workers are most often hired on full-time basis work contracts, we can even note reduction of part-time work cases in 2017, compared to 2016 and 2011.<sup>62</sup>

<sup>60</sup> Law on Labour Relations ("Official Gazette of the Republic of Macedonia" no. 62/2005; 106/2008; 161/2008; 114/2009; 130/2009; 149/2009; 50/2010; 52/2010; 124/2010; 47/2011; 11/2012; 39/2012; 13/2013; 25/2013; 170/2013; 187/2013; 113/2014; 20/2015; 33/2015; 72/2015; 129/2015 and 27/2016).

<sup>61</sup> Ibid.

<sup>62</sup> Data presented in this statistical overview are obtained on the basis of the statistical research on employees and salaries as of October for the years specified, processed and published by the State Statistical Office.



Type of employment based on the length of working time, in accordance with the national classification of business activity, per years;			
Year	Total	Number of workers working full time	Number of workers working part time
2011	458 873	440 774	18 099
2015	519 031	504 208	14 823
2016	534 200	516 798	17 402
2018	548 681	532 219	16 462

\*According to data of the State Statistical Office

## 6.6.

### Part-time work contracts with several employers

The laws provides for a certain flexibility in order for the worker to achieve full-time employment basis, although in practise there are some difficulties in implementation, that is, the employer may conclude part-time work contracts with several employees. In accordance with the Law,<sup>63</sup> the worker shall reach an agreement with the employers regarding the working time, and the manner of use of holiday leave and other types of leave which employers shall provide, unless this might cause some harmful consequences for them.

## 6.7.

### Home-based employment contract

The Law on Labour Relations regulates also the work from home and in accordance with the provisions, work from home is work that the employee performs in his/her home or other optional premises which are outside the employer's business premises.<sup>64</sup> Work from home is carried out by concluding a separate contract, that is, employment contract for work from home. The Law provides for compensation for the employee for use of personal assets during work from home and the employer shall provide him/her with safe working conditions. Exceptions have been provided for in case the working hours worked from home cannot be distributed in advance, i.e. when the employee allocates the working

<sup>63</sup> Law on Labour Relations ("Official Gazette of the Republic of Macedonia" no. 62/2005; 106/2008; 161/2008; 114/2009; 130/2009; 149/2009; 50/2010; 52/2010; 124/2010; 47/2011; 11/2012; 39/2012; 13/2013; 25/2013; 170/2013; 187/2013; 113/2014; 20/2015; 33/2015; 72/2015; 129/2015 and 27/2016).

<sup>64</sup> Ibid.

hours himself/herself, and in this case, the employer is not obligated to adhere to the legal provisions provided concerning limitation of working hours, night work, rest, daily and weekly rest, provided health and safety is ensured for workers, but in practice this provision for workers is not clear enough. The labour inspector may issue the employer with a ban on organizing work from home, if he/she assesses that the work of such type may be harmful for workers or the environment where it is carried out.

Work from home or teleworking is a type of flexible work covering many different obligations, and may represent:

- Complete work from home, with the exception of temporary presence in meetings in the office, or meeting with clients,
- Split time between office work and work from home or with a client (e.g.: 2 workdays at the office and 3 days work from home/with clients),
- Some employees may prefer to work in office, and only temporarily to work from home, based on their needs.<sup>65</sup>

In the past, the possibility of work from home was limited only to workers engaged in handicraft or similar retail production which the worker can perform at home. The engagement model was work of independent external collaborator, so on no basis could it compare with the status of employee working on employer's premises.<sup>66</sup>

Legislators should take into account the development of technology that creates the opportunity for work to be carried out outside the employer's premises, in accordance with the needs of the employee, most often at home, using the help of portable devices and stable internet connection. Although the Law on Labour Relations provides for and enables conclusion of employment contract for performing work from home, the lack of sufficiently clear and precise provisions that regulate these issues creates legal uncertainty for employers but workers as well, as it leaves the possibility for different interpretation from both sides in case of dispute or during inspection control from the relevant institutions. In order to avoid abuse or occurrence of controversial situations arising from the employment, home-based work should be regulated in accordance with contemporary social needs.

<sup>65</sup> Jovan Najdenovski, Home-based work in national regulations, compared to foreign experience (available internet source: <https://biznisregulativa.mk/mk-MK/Eksperts/AktuelnoDetail/5>).

<sup>66</sup> Ibid.

**6.8.****Contract for employment of domestic and household help**

An employment contract may be concluded for domestic and household help. The contract may regulate the accommodation and food for the worker to be with the employer, and this to constitute as part of the salary of the employee. The minimum amount of earning that shall compulsorily be calculated and paid in money shall be specified in the employment contract and shall not be lower than 50% of the earning of the employee.<sup>67</sup>

**6.9.****Agreement for employment of business executives (managerial contract)**

For purposes of signing contract for employment of business executives (managers), the employment contract allows for parties to regulate otherwise the rights, obligations and responsibilities arising from the employment status regarding issues related to: conditions and limitations of fixed-term employment, office hours, provision of daily and annual leave, payment for work and termination of the validity of the employment contract.<sup>68</sup>

**6.10.****Apprenticeship, probationary work, volunteering**

In order to better prepare young people to enter the labour market, the Law on Labour Relations provides for the possibility of concluding an employment contract with an apprentice who, for the first time is hired to work in accordance with the type and level of his/her education, in order to empower that person to perform the assigned work independently. The apprenticeship may last up to one year, unless otherwise stipulated by law. During the apprenticeship, the employer shall provide the worker, in accordance with the program, with the possibility to perform work independently. At the end of the apprenticeship, the young worker shall take an exam, which is integral part of the apprenticeship and shall be taken before the apprenticeship period expires. The employer shall not cancel the

<sup>67</sup> Law on Labour Relations ("Official Gazette of the Republic of Macedonia" no. 62/2005; 106/2008; 161/2008; 114/2009; 130/2009; 149/2009; 50/2010; 52/2010; 124/2010; 47/2011; 11/2012; 39/2012; 13/2013; 25/2013; 170/2013; 187/2013; 113/2014; 20/2015; 33/2015; 72/2015; 129/2015 and 27/2016).

<sup>68</sup> Ibid.

employment contract of the apprentice, except in the case of cease of business or in case of violation of labour obligations, working order and discipline.<sup>69</sup>

In the employment agreement, the employee and employer can agree, in addition to all rights and obligations from the employment relationship, to determine the amount of remuneration and the duration of the probationary work. Except in case of illness, probationary work may not be longer than six months. In case probationary work is considered to be unsuccessful, the employer may, upon its completion, terminate the employment contract. In case of seasonal work, probationary work may last three working days. The employer may terminate the probationary employment contract for seasonal work within three days from conclusion of the contract.

The Law on Labour Relations also regulates the agreements for voluntary work, in case such type of service is a pre-requisite for taking a professional exam or for independent conduct of activity.<sup>70</sup>

**6.11.****Temporary employment via agencies for temporary work**

Employers in the Republic of North Macedonia are allowed to hire temporary employees, in case of need for replacement of temporarily absent worker, in the event of temporarily increased workload, seasonal work, project work, unpredictable short-term activities occurring during performance of the core activity of the employer, etc. Temporary employment for performing temporary work with another employer can be concluded via a private temporary employment agency.<sup>71</sup>

The agency concludes an employment contract with a worker who is then seconded to an employer on the basis of previously concluded contract for assignment of workers signed between the agency and the client (the employer). Such a contract for discharge of the same temporary work tasks can be concluded for as long as the employer needs his/her services, but not longer than one year for the same type of tasks with or without interruption. The Agency charges a fee for this from the employer, but cannot claim such a fee for the persons it seconds to work with another employer. The same general and basic employment rights apply also for the temporary agency workers, identical to the rights exercised if the

<sup>69</sup> Law on Labour Relations ("Official Gazette of the Republic of Macedonia" no. 62/2005; 106/2008; 161/2008; 114/2009; 130/2009; 149/2009; 50/2010; 52/2010; 124/2010; 47/2011; 11/2012; 39/2012; 13/2013; 25/2013; 170/2013; 187/2013; 113/2014; 20/2015; 33/2015; 72/2015; 129/2015 and 27/2016).

<sup>70</sup> Ibid.

<sup>71</sup> Law on the Agencies for Temporary Employment ("Official Gazette of the Republic of Macedonia" no. 49/2006, 102/2008, 145/2010, 136/2011, 13/2013, 38/2014, 98/2015, 147/2015 and 27/2016).

employees were to be directly employed by the same employer for performing the same work. The employer shall provide equal treatment and access to the temporary agency workers to training provided for the other employees for purposes of improving their knowledge and skills for employment and career advancement.

## 6.12.

### Contract for internship

Internship is considered a work activity which enables learning through working and the ability to acquire working skills and qualifications within a limited time period, in order to gain practical and professional experience which shall be useful from the perspective of reducing unemployment among youth and enabling their more successful integration on the labour market. The Law on Internship, which was in parliament procedure as of the end of 2018, shall regulate the procedure, manner and conditions of internship, the rights and obligations of interns and the employer where internship takes place, as well as the contract for internship. In accordance with the draft law, an intern may be a person aged up to 29, and the employers can hire internes by a public call which shall contain all information regarding the possibilities and conditions for that internship.<sup>72</sup>

The Law shall define the minimum and maximum periods of internship, and they will be from one to six months, and intern can only conduct internship with the same employer at one time. The employer is obliged to pay compensation during the internship, in the amount of 15% of the average gross salary paid in the Republic of North Macedonia in the previous year, for internships up to three months. If the internship is carried out for more than three months, the monthly remuneration that the employer has to pay to the employee shall be in the amount of the minimum net salary determined by the Law.<sup>73</sup>

The internship contract, depending on the will and needs of both parties, according to the draft law, can be concluded for full-time or part-time work and during internship the intern shall not lose his/her unemployment rights and benefits and the social protection rights provided for and determined in accordance with the Law.

## 6.13.

### Self-employed persons, Sole proprietor

In accordance with the Law on Contributions from Mandatory Social Insurance, a self-employed person in the Republic of North Macedonia is a natural

<sup>72</sup> Ministry of Labour and Social Policy, Draft-Law on Internship, September 2018.

<sup>73</sup> News portal Akademik, 11.11.2018: What does the new Draft-law on Internship provide for (available internet source: <https://www.akademik.mk/shto-se-predviduva-vo-noviot-predlog-zakon-za-praktikantstvo/>).

person engaged in independent economic activity or professional or another intellectual service which generates income for him/her, in accordance with the Law.<sup>74</sup> This category includes people who generate income from a business activity, production, service, trading, catering, transport and other activity, providing professional and other intellectual services (lawyers, notaries, consultants, auditors, engineers, architects, journalists, athletes, workers in culture, and other workers intellectual activities), farming and production, as well as other activities whose end purpose is generating revenues.<sup>75</sup>

Sole proprietor is a natural person which, as its occupation, performs business activity provided for by the Company Law. The person is accountable for all its obligations in person and with all its assets without limitations. The status of sole proprietor is acquired by registration in the trade registry (maintained by the Central Register of the Republic of North Macedonia). In accordance with the Law, sole proprietors shall not be considered natural persons engaged in agriculture and forestry (individual farmers), people engaged in handicrafts and natural persons performing services, unless their activity can be considered as an enterprise, natural persons engaged in hospitality services such as renting rooms on the address of residence, as well as natural persons engaged in independent professions (lawyers, notaries, doctors and others).<sup>76</sup>

Self-employed persons, that is, citizens generating income from independent activity have the obligation to calculate and pay social contributions and personal taxes from the salary for the employees, that is for his/her own self, as self-employed persons. In case of business cooperation with legal persons, they shall conclude agreement for service contract. A tax payer may be a sole proprietor, a natural person engaged in farming activity and maintaining business ledger, a natural person engaged in handicraft and maintaining business ledger, as well as a natural person engaged in services or independent professions and who generate income from that activity. The basis for calculating income tax from the independent profession is the difference between total revenues and expenditures of the tax payer, increases by the non-eligible expenditures for tax purposes.<sup>77</sup> In accordance with the changes, as of 01.01.2019, for income from independent activities, there will be three levels of progressive tax rates:

<sup>74</sup> Law on Contributions from Mandatory Social Insurance ("Official Gazette of RM" no. 142/2008, 64/2009, 156/2009, 166/2010, 53/2011, 185/2011, 44/2012, 15/2013, 91/2013, 170/2013, 97/2014, 113/2014, 180/2014, 188/2014, 20/2015, 48/2015, 129/2015, 217/2015, 190/2016, 171/2017, 35/2018 и 247/2018), Article 4, paragraph 10

<sup>75</sup> Public Revenue Office, Taxation of revenues from independent business activity, 05.01.2018, page 3

<sup>76</sup> Public Revenue Office, Taxation of revenues from independent business activity, 05.01.2018, page 3

<sup>77</sup> Public Revenue Office, Income from independent activity (available internet source: [http://www.ujp.gov.mk/e/fizicki\\_lica/category/119](http://www.ujp.gov.mk/e/fizicki_lica/category/119)).

On annual tax base	Per rate
Up to 1,080,000 mkd	10 %
From 1,080,001 mkd up	108,000 + 18 % on the part of the income above 1,080,000 mkd

*\*In accordance with the rates published on the PRO webpage*

Citizens engaged in independent activity may be taxed on flat-rate basis under specified conditions, that is, if they are unable to maintain business ledgers or this aggravates their business activity, if other persons do not invest in this activity and if they generate annual income from business activity no higher than two average annual gross salaries.

## 6.14.

### Gross salary and contribution rates for employees

In the Republic of North Macedonia, payment of salaries is conducted through the concept of gross salary. Namely, the concept of gross salary implies integrated collection of all components of the salary: net salary, social contributions and personal income tax. By introducing this concept in 2009, the competent institutions estimated that they would prevent abuse from those employers who were paying salaries without paying contributions for them at the same time. For employees who work less hours a month than the total number of hours, the calculation of the salary is done per hour, i.e. the gross salary and personal exemption are calculated according to the hours spent working. The Law on Contributions from Mandatory Social Insurance regulates the types of contributions for compulsory insurance and according to the Law, mandatory social security includes contributions for: pension and disability insurance based on the pay-as-you-go payment, mandatory capital-financed pension insurance, the accelerated insurance scheme, health insurance and insurance in case of unemployment.<sup>78</sup> Under the Law, a beneficiary on whose behalf and to whose account contributions are paid, is considered a payer of contributions, including all employees and self-employed persons, individual farmers, religious officials and other persons who are payers in accordance with the law, regulated according to the type of contribution. In the Republic of North Macedonia, according to the Law on Health Insurance, health insurance beneficiaries are all persons and their family

<sup>78</sup> Law on Contributions from Mandatory Social Insurance ("Official Gazette of RM" no. 142/2008, 64/2009, 156/2009, 166/2010, 53/2011, 185/2011, 44/2012, 15/2013, 91/2013, 170/2013, 97/2014, 113/2014, 180/2014, 188/2014, 20/2015, 48/2015, 129/2015, 217/2015, 190/2016, 171/2017, 35/2018 и 247/2018), Article 5

members who are not covered by the mandatory health insurance (employees, self-employed, etc.) and can access the mandatory health insurance for their exercise of the right to health care services according to the law.

The Republic of North Macedonia as of 01.01.2019 abandoned the concept of flat tax and introduced progressive taxation. With the legislative changes, in addition to the tax rate of 10%, the rate of 18% is also introduced and it shall apply to the taxation base that exceeds 1,080,000 mkd a year, which equals 90,000 mkd per month. The existing personal income tax of 10% shall remain for those with income up to 1,080,000 mkd a year, or 90,000 mkd a month.<sup>79</sup> The Ministry of Finance introduces this measure because some of its citizens do not have access to quality education and health, because the state does not have enough financial resources, and progressive taxation is a tax reform intended to remedy this injustice.<sup>80</sup>

In accordance with the amendments to the Law on Contributions from Mandatory Social Insurance from 2018, the rates at which contributions are paid for the mandatory pension and disability insurance and mandatory health insurance have been increased, in order to secure more stable income for the Pension and Disability Insurance Fund of North Macedonia and the Health Insurance Fund of North Macedonia. The legal amendments stipulate that the contribution for compulsory pension and disability insurance should be paid at a rate of 18.8%, and the health insurance contribution should be 7.5%. These rates of contributions shall begin to be collected as of 2020.<sup>81</sup> The rates under which contributions in 2019 will be paid are indicated in the table.

<sup>79</sup> News portal of Nova Makedonija daily, 24.12.2018: Progressive taxation to be introduced as of January 1st (<https://www.novamakedonija.com.mk/ekonomija/%D0%BE%D0%B4-1-%D1%98%D0%B0%D0%BD%D1%83%D0%B0%D1%80%D0%B8-%D1%81%D0%B5-%D0%B2%D0%BE%D0%B2%D0%B5%D0%B4%D1%83%D0%B2%D0%B0-%D0%BF%D1%80%D0%BE%D0%B3%D1%80%D0%B5%D1%81%D0%B8%D0%B2%D0%BD%D0%BE-%D0%BE%D0%B4/>).

<sup>80</sup> News portal of A1 on, 03.11.2018: Progressive Taxation to be introduced – additional 8% tax for income over 90,000 mkd (available internet source: <https://a1on.mk/archives/970712>).

<sup>81</sup> News portal Akademik, 26.11.2018: Legislative amendments: Contributions for mandatory pension, disability and health insurance will be calculated at higher rates (available internet source: <https://www.akademik.mk/zakonski-izmeni-bridonesite-za-zadolzhitelno-penzisko-invalidsko-i-zdravstveno-osiguruvane-ke-se-plakaat-po-povisoki-stapki/>).



**Table with calculation of gross salary with rates for calculation and payment of contributions for 2019:**

Contribution	Rate
Contributions for mandatory pension and disability insurance	18,4%
Contribution for disability and bodily injury caused by occupational illness or injury	4%
Contributions for mandatory health insurance	7,4%
Mandatory contribution for insurance in case of unemployment	1,2%
Additional contribution for mandatory insurance in case of an occupational injury or illness	0,5%
Personal tax	10%

\* Law on Contributions from Mandatory Social Insurance <sup>82</sup>

According to findings obtained from the conducted interviews and focus groups, leaving the concept of flat tax can have negative effects, especially on the ICT industry, for managers, as well as for persons who are employed via online platforms in the Republic of North Macedonia. Workers in the ICT industry very easily exceed the threshold of the tax base, which is taxed at 10%, and therefore, most of the persons who were part of the research conducted within the project, feel that they will not gain any return benefit from the higher taxes, compared to workers with lower income who are employed in other sectors. An ICT company representative said that he participated in a public debate on issues related to progressive taxation, which, according to him, most affects his sector:

*"I am not against progressive taxation, we should have it. From every aspect, it exists everywhere in the world, everywhere in Europe, there is a logic for it. However, you cannot impose it as a state, saying now we will introduce progressive taxation, which in essence will affect one sector, which is ICT, but for the state to give back nothing to that sector. Okay, let's make an agreement then. Health insurance should be up to a certain amount, as 80% of ICT programmers have private insurance. But give the IT sector some benefits, I mean, tax them more, you should do that because they really earn more, but give them some benefits."*<sup>83</sup>

<sup>82</sup> Law on Contributions from Mandatory Social Insurance ("Official Gazette of RM" no. 142/2008, 64/2009, 156/2009, 166/2010, 53/2011, 185/2011, 44/2012, 15/2013, 91/2013, 170/2013, 97/2014, 113/2014, 180/2014, 188/2014, 20/2015, 48/2015, 129/2015, 217/2015, 190/2016, 171/2017, 35/2018 и 247/2018).

<sup>83</sup> Interview with representative from a private ICT company 1. Conducted 01.08.2018

According to the Law on Contributions from Mandatory Social Insurance, the highest monthly base for calculating and paying the contributions for income from employment for one taxpayer is the amount of sixteen average salaries, an average salary being the one published in January for the current year according to data for the State Statistical Office. The highest monthly basis for calculating contributions for a self-employed person is an amount of twelve average salaries. Contributions are not calculated and paid for amounts higher than the highest monthly base.<sup>84</sup> In the countries of the region, the statutory provisions set a lower maximum base amount, which is appropriate to the services and benefits received by the taxpayer, and hence the remarks are that the amount of paid mandatory social contributions with the present pension system cannot provide for adequate pensions for the people, to those who have contributed to the system for their entire working lives, and the same, unfortunately, goes also for the health insurance contributions.

*"There are people who pay, say 300-400 euros for health contributions per month, while the most expensive private health insurance policy 150 euros, for which you do not have to pay anything anywhere, which in my opinion is a little unfair. It's not fair to those who earn more, because in some way you do not get the service you pay for, and second you pay twice higher than for the maximum quality you would get at a private clinic"*<sup>85</sup>

Representatives of private companies say they understand the concept of social solidarity and accountability in order to support the system, but the high limit for calculating and paying the social contributions makes them uncompetitive compared to the markets in the region. Additionally, taxation makes a difference compared to the neighbouring countries, because for the same gross salary, employees in our country receive a lower net salary, which negatively affects the ICT industry as a whole, especially the employees in higher executive or professional positions. Employers in this industry are facing shortage of staff, so tax increases will be additional burden for companies, as workers are only negotiating with employers the amount of net wages.<sup>86</sup>

*"These types of taxes forces people to leave the state, precisely for those reasons [...] of 250 senior people contacted in the past six months, 120 of them already moved out of the state, in a talent pool of 8,000 programmers [...]"*<sup>87</sup>

<sup>84</sup> Law on Contributions from Mandatory Social Insurance ("Official Gazette of RM" no. 142/2008, 64/2009, 156/2009, 166/2010, 53/2011, 185/2011, 44/2012, 15/2013, 91/2013, 170/2013, 97/2014, 113/2014, 180/2014, 188/2014, 20/2015, 48/2015, 129/2015, 217/2015, 190/2016, 171/2017, 35/2018 и 247/2018).

<sup>85</sup> Interview with representative of a private ICT company 2. Conducted 26.07.2018.

<sup>86</sup> Conclusions from interview with representative of a private ICT company 3. Conducted 21.08.2018.

<sup>87</sup> Interview with representative of a private ICT company 2. Conducted 26.07.2018.



These statistics according to our interlocutor are a clear signal that the state should take certain measures around these issues, as the ICT industry is heavily burdened and faces a lack of skilled workforce. The ICT industry in the Republic of North Macedonia, according to company managements, is the leading industry in terms of job creation, as well as in terms of the wage amounts paid to workers, therefore the state should stimulate and actively engage in the development of a strategy for this industry at the national level, in order to enable its development and improvement of conditions that would motivate workers to stay and work in the state instead of moving away. People working in the ICT industry work in the service industry with foreign companies, and they bring significant assets in the country without exploiting any natural resources. Unlike other industries that pollute and excavate, for the smooth operation of these companies only a stable Internet connection is needed and a physical space where workers would work, without causing any additional damage or costs to the state.<sup>88</sup>

Additionally, in the Republic of North Macedonia, persons working with clients from abroad are not recorded in the system, i.e. they are invisible to the state and are registered as unemployed. The state can hardly trace their income if they are a product of “employment relationship” with foreign clients, since most people have opened their accounts in foreign banks. Some participants in the focus group, composed of people working in the new forms of employment, say that in their day-to-day life, for the products and services they buy, they pay with a banking card from a foreign bank in which they have an account. They avoid withdrawing funds through domestic banks, primarily because of the high rates of the banking charges. As individuals who are employed by an online platform, they say they do not feel any desire, obligation or need to pay taxes, because they are not satisfied with the way the state disposes of the funds received from the taxes. By paying the contributions, they do not receive quality health care, they do not have trust in the pension system and believe that in the future it will collapse, therefore they would prefer to invest in life insurance. They would accept payment in cash, or in any way that would save their taxes from being paid to the state. They pay the personal income tax, if they have a contract with the employer, but only one of the participants confirmed that he pays the social contributions for his work. They say they do not have any of the benefits they would normally have if the employers were to cover their social contributions, but would like to enjoy those rights, especially because of their mode of work, which is practically “hidden” employment through online platforms, in case of deteriorated health or physical injury offers no opportunity for the to use paid sick leave, nor any parental leave. These are issues that concern workers, above all because they believe that this way of employment for them does not provide any certainty or protection.<sup>89</sup>

<sup>88</sup> Conclusions from interview with representative of a private ICT company 2. Conducted 26.07.2018.

<sup>89</sup> Conclusions from focus group with people employed under new forms of employment. Conducted on 10.12.2018.

## 6.15.

### Conclusions from conducted interviews concerning the legal framework and possibilities for applying the new forms of employment

Pursuant to the Law on Labour Relations and the Law on Temporary Employment Agencies, there are several forms and types of employment contracts which the national legislation provides for. Furthermore, employers can also implement the Service contract (stipulated in the Law on Obligations) as a way of hiring workers for shorter working tasks, project work, event organizers, and other types of work engagements that are not provided for in the job staffing of the organization or for works that are not part of the employer's business activity, of they can implement the royalties agreement, in case the work task includes copyright work, with the author being represented by a copyright agency.

Analysis of the legal framework that regulates labour relations and employment contracts helped us notice that the new forms of employment emerging in the European Union are not regulated nor are covered in any way in the Macedonian legal system. The legal framework in the Republic of North Macedonia allows for the conclusion of standard employment contracts, and those providing a higher degree of flexibility for workers and employers, such as the contract for work from home, are not regulated by sufficiently clear and precise provisions, which creates legal uncertainty and insufficient interest among employers to conclude these agreements in practice. The conducted interviews helped us establish that the employers are assessing that there is need for greater flexibility in employment. The representative from the Organization of Employers of Macedonia, with whom we discussed these issues, thinks that the fixed-term contracts encourage the employer to advertise new vacancies whenever a need arises, without thinking too much whether additional obligations will arise for him as an employer in respect of termination of employment, that is, in relation to dismissal procedures and the additional administrative burden they are trying to avoid.<sup>90</sup> The Law on Labour Relations is a sensitive issue for workers and employers, and therefore their representatives often have opposing views when opening debates about its amendments or supplements. According to employers, the state, when trying to offer a flexible legal solution, under the pressure of the union and the political opportunistic positions converted into votes for the next elections, is withdrawing its decision.

*“Let us say, concerning the latest changes to the Law on Labour Relations, there was a proposal regarding teleworking - workers*

<sup>90</sup> Conclusions from interview with representative of the Organization of Employers of Macedonia (OEM). Conducted on 22.05.2018.

*working from home, as you know our Law allows for this, so they can spend several hours during the week in the employer's premises, which is not a sin. The worker comes to the office, exchanges some opinions with colleagues, and goes away. Unions reacted so fiercely, blew it out of proportions. They say 'you will abuse them, they will be non-stop in the factory, and treat them as if they are working from home.' The Minister, under that pressure, withdrew that provision from the law. That proposal used to be in the draft- amendments to the LRR, but now, with the new law, we will argue about this again."*<sup>91</sup>

In practice it is not always that the legislative framework causes the problem, but its implementation and control, and according to the representative of the Organisation of Employers, this is no reason for the Law not to be flexible. Trade unions want security for workers to be enshrined in the employment contract, but according to employers, non-flexible legislation is not the solution to the problem.

*"We cannot protect the workers by making the law so inflexible, so rigid and thus preserving worker's jobs so nobody would fire them and end of story. Their security can also be viewed like this: in the event they lose a job, it should be very easy for them to find work with another employer. Additional education, retraining, help, career guidance, that is help for workers, and I don't call it help when I prohibit the employer to reassign a worker from one job to another [...] This way you offer the worker a new contract, he/she rejects it, then the worker is made redundant, and then hired on a different contract."*<sup>92</sup>

The employee cannot reassign the worker to another post, because the employment contract already had stipulated the workplace, so the worker's reassignment entails the signing of a new agreement, subject to worker's consent.

Working time can also be a problem with regard to flexibility. Full-time is defined as eight hours of work, i.e. seven and half hours of work and half an hour break. Employers don't have a problem with the paid break, but think it is necessary to extend the working hours, so that the worker can accomplish an effective work of eight hours. In certain occupations for workers, a longer break is needed, and a half-hour break does not always provide enough time for a meal and recreation for the worker, especially if she/he works in the creative industries or does intellectual work.

In the neighbouring countries, this issue is regulated with eight hours of effective work and one hour break. Employers from the manufacturing industries

<sup>91</sup> Interview with representative of the Organization of Employers of Macedonia (OEM). Conducted on 22.05.2018.

<sup>92</sup> Interview with representative of the Organization of Employers of Macedonia (OEM). Conducted on 22.05.2018.

agree that this break be paid, and would additionally allow for unpaid resting time as well, outside of working hours, in case the worker deems this to be necessary, but it is important for them that workers fulfil eight hours of effective working time. ICT companies say they have to adapt to the demands and needs of the employee. Flexibility in relation to this issue for them is indispensable, precisely with the intention of increasing worker productivity, because this concerns intellectual work which is influenced by certain factors.

*"it is not just the breaks, but also the flexibility of working hours. The company must be able to allow them to be late or leave earlier in order to feel productive. We must allow them the freedom to take as many breaks as they want."*<sup>93</sup>

Furthermore, in the ICT industry the problem concerning this issue is the creation of half an hour lag of effective work towards end customers, in case they are paying for an eight-hour effective work. In case the employers want to equalize with competition, the employee will have to perform additional work of half an hour, which is considered as overtime. But overtime work entails work orders, and payment for overtime is done at higher rates, so this creates complication for employers, as this is treated as work of different character.

*"Overtime work is defined as is temporary activity needed to achieve a certain target, of a limited number of workers. You cannot have overtime constantly, because this means you have a shortage for workers, which is not the case".*<sup>94</sup>

As we have already noticed in legal provisions in the Republic of North Macedonia, the new forms of employment are not recognized, but in the interviews with the employers we noticed application, with limited flexibility and high level of administrative burden. In tourism, we have noticed the use of employee sharing as a form of employment to maintain the employment relations with the good workers and to fill the shortage of skilled labour which occurs during the season. Full implementation of this form of employment is not possible, precisely because exactly at the same period of the year all employers need workers. We noticed the application of this form of work in a corporation that owns several tourist facilities registered as separate legal entities that are active during the summer and winter period.

*"We are doing that in our corporation. We have a possibility that workers work in part of our corporation, but it is limited. We have a hotel in Mavrovo, but not many workers work there, but also in the corporation we have the hotel in Skopje, and again we send five to*

<sup>93</sup> Interview with representative of an ICT company 3. Conducted 21.08.2018.

<sup>94</sup> Interview with representative of an ICT company 2. Conducted 26.07.2018.

*ten people there. First of all, there are legal limitations, we are the same corporation, but different legal persons. So now I have to officially terminate employment of one worker in one of the entities, and have to reassure him/her that upon returning in two weeks or a month, that I will take him/her back again. And all of those are procedures [...].”<sup>95</sup>*

We have noticed that the employer must offer a completely new contract to the employee and if she/he accepts the working conditions, the employer has to terminate the employment status at the original post, and then to formally employ him/her in the other legal entity for a certain period, although all this is within the same corporation. Some of the companies have human resource departments and through them can implement these administrative procedures, yet for them they represent a waste of time. Employers have additional costs when paying the allowance for 'separate living' because the employee in this case establishes an employment contract outside its place of residence, which is an additional burden that employers face, on top of the administrative one. The lack of skilled workforce in this industry imposes the need to share workers off season, when there is reduced workload. In other conditions, it is more difficult to apply this form of employment because of the limited availability of jobs, but it makes it even harder to apply this form of employment because of the limitations to retrain a worker from a waiter or chef working in a hotel during high season, into another profession in another industry in his region of residence, when there is less workload off-season. The non-flexibility of the legal framework, according to employers, plays an impact also on the possibility for additional earnings which an employee can make, through additional engagement despite the employment status. Namely, hotel owners emphasize that often they have unexpectedly increased workload for purposes of organizing certain kind of celebrations (weddings, celebrations, birthdays, etc.) and cannot offer nor exchange assistance to each other in case of shortage of labour, even if it is within the same corporation, that is, in the case of two neighbouring hotels. The employer in this case cannot second his worker, even with the worker's consent, to work temporarily in another hotel, during one day or several hours during the day or the evening, that is, in case of increased workload with another employer.<sup>96</sup>

Our interlocutors find that certain employers during high season are forced to work outside the formal rules, and if this issue were to be regulated, they say they are ready to offer a significantly higher daily wage in order to hire workers from other employers who currently do not have work.

Since there is no flexible and fast way of hiring workers over a short period of time, during unforeseen increase of workload, especially if the worker works with another employer, part of the employers hiring seasonal workers feel that voucher payment (with daily coupons) can positively impact the workforce situation and

<sup>95</sup> Interview with representative of a private hotel, conducted 01.07.2018.

<sup>96</sup> Conclusion from the conducted interviews with representatives of private hotels

help hire workers in cases of unpredicted higher demand, and is also a way to fight undeclared work, that is, undeclared employment of workers.

*“We were the ones to propose a voucher system with paid taxes, for example when we have new workers for shorter seasonal periods, or working for several days. [...] It is very useful for jobs in our sector. Not only for the classical tourism in Ohrid or Struga, but also good for other places in Macedonia, such as larger restaurants or hotels. They also organise various parties and often need extra workers. We use the agency for workers, but sometimes it does not offer enough workers. With the voucher system we can legally hire the people we already know.”<sup>97</sup>*

By using the voucher system, employers hiring seasonal workers would be protected during inspection controls, misuse of hiring workers for shorter periods with cash payment would be limited, and such informal employment of the worker would not be reported to the competent authorities.

We had the chance to discuss with a manager of a private company engaged in cleaning services in business and housing premises which services many clients, regarding new forms of employment and the employment contracts that they use. The problem this company has is formal employment of people who want to be employed, but at the same time do not want to give up the social assistance they receive from the state. Usually the profile of persons working in this company is from the socially vulnerable groups, who do not feel secure and are afraid to lose their social benefits and health care assistance provided by the state, because they do not know how secure is their income from employment.

*“We are dealing with a less educated profile of people, they do not understand that is better for them to be formally employed, for the social, pension and health contributions to be paid to them, yet to them it is more important to take those two to three thousand denars of welfare amount and that is it. So here I am realistically experiencing a problem, because there are staff wishing to work, and I can not hire them exactly for that reason.”<sup>98</sup>*

Voucher-based payment can be used for hiring vulnerable categories of workers, that would be enabled to make additional income during the year. The unforeseen scope of work, except for in tourism, appears in many sectors in the Republic of North Macedonia.

<sup>97</sup> Interview with representative of the Association of Hotels, Restaurants, Cafes and Auto-camps (HOTAM), conducted 01.07.2018.

<sup>98</sup> Interview with representative of a private company for cleaning services in business and housing premises. Conducted 05.07.2018.



*"We could use them (the vouchers) because sometimes there is so much work, sometimes there is less, so I cannot sign with them service contract if I need them for several days, as freelance workers. How can I register someone for a day or two? First of all it is complicated, I will have to have a permanent vacancy announcement in the papers, in case I need people ad-hoc. And it is complicated with the accounting and paperwork, register today, deregister tomorrow, so this is a complicated matter".<sup>99</sup>*

In these branches, it is important to have and apply employment contracts for short term, that is, from the moment a company gets increased workload, because companies often refuse new job opportunities because customers can not be serviced at once, due to the lack of workers.

*"I always have a list of people I can call at any time when need arises, but I have to be administratively and legally covered for that. So that I can call them up, and they can sign right away".<sup>100</sup>*

Work in this activity has high and low seasons, but the employer has to pay the same salary to the employee, if he or she is officially employed, since there is no basis for the salary to be reduced in case the employer cannot provide workload for the worker. In part of the activities offered by this company, job sharing can be applied, because the candidates coming to work are mostly women who look after children, so they can only work limited number of hours during the day, so the work would be complemented by another worker. However, the use of job sharing is limited, because all workers would like to have a job with more working hours, in order to receive a higher salary.

Employers are facing difficulties finding ways to hire certain categories of workers, which is why they seek help from the state. This may be a problem in harnessing the potential of the workforce, considering that employers face shortage of workers, but there is also a need to prevent the practice of hiring undeclared workers who receive cash payments.

*"They do not want to be formally registered. I took an interest in establishing why this is the case. Reasons are individual. Some receive social assistance and do not want to give it up, that is extra income for them, and often the bank accounts of these people are frozen due to different debts. So the worker is aware that if we are to declare him, the funds will be automatically withdrawn. So I spoke with our workers, spoke with the taxi drivers, the same problem. They do undeclared work, they have transferred the whole property to*

<sup>99</sup> Interview with representative of a private company for cleaning services in business and housing premises. Conducted 05.07.2018.

<sup>100</sup> Ibid.

*someone, so that formally he has no assets, as if he has nothing, his bank account is frozen, so he only works undeclared. And now imagine, along comes a group of workers, and we have a serious shortage of workers, some twenty-thirty people come looking for work, you say 'Great, I will hire them at once', and they reply 'No, no if you register us, we are leaving'. So we have a problem as well, we do not know how to pay them."<sup>101</sup>*

In agriculture, workers are mainly older, and there are fewer young workers. Companies are not profitable and competitive enough to attract young workers by promising higher salaries. Older workers engaged in agriculture have several years till retirement, and work as seasonal workers because they were made redundant, or because they were unable to find another job. They only work to obtain their right to pension. In such a way, productivity of the employer drops, primarily because they are unable to motivate workers to achieve the norm. Some workers who want to work seasonally on harvest or in greenhouses are retired people, whose motivation for extra work are the low pensions and inability to cater for the basic needs. Employers see the solution in introducing payment vouchers to workers, which would solve the problem with workers who do not want to get involved in another way in the work organization, that is, to be officially employed.

*"Those workers who do not want to be registered, let's say a number of thirty people, you pay them through a voucher or similar system. I pay for thirty people, and tomorrow if inspection knocks on my door I will show them a proof that I had paid for thirty people. The inspector can even count them all if he wishes. Because we cannot engage in all of their personal problems and reasons for which their accounts are blocked".<sup>102</sup>*

Voucher payments would have positive effects with regard to the inclusion of certain categories of workers in the production, but the main problem remains to be solving the problems of workers who do not want to engage in the formal economy, primarily due to the blocked accounts and insufficient information about the opportunities that exist. For this category of workers who are actively working but are not registered, the state has to focus its attention to them and through education and training programs to inform them of the opportunities that exist and, if necessary, to provide them with conditions for retraining and additional education, otherwise, within a short period of time, the state will face a large number of people who are not able to work due to their age, which are the people who still have not fulfilled the conditions for eligibility for pension. Employers,

<sup>101</sup> Interview with representative of a private company that owns a vinery and produces greenhouse fruit and vegetables. Conducted on 27.07.2018.

<sup>102</sup> Interview with representative of a private company that owns a vinery and produces greenhouse fruit and vegetables. Conducted on 27.07.2018.

seasonal workers, depending on the workload, engage them with fixed-term contracts for seasonal work, but vouchers would find appropriate application with the other workers who want shorter working hours. In agriculture, most often work is done by lower skilled workforce and their labour and skills are applicable in many industries, therefore there is a possibility to apply employee sharing as a form of employment, although there is high likelihood this to be already implemented in practice in an informal way, without registering a legal entity.

*“There is no single such company in Macedonia. Informally yes, it is happening, but formally no one has established such a company (for joint hiring of workers). [...] Otherwise it would have existed. In Europe, there are many companies deal with such an activity of employing low-skilled labour, but you also have highly skilled workforce. So, for example, you need an engineer, you need him on call, you hire him for two months, or one month, depending on long you need him.”<sup>103</sup>*

The Centre for Research and Policy Making conducted many interviews with private companies in the ICT sector. Their remarks and remarks concerning the Law on Labour Relations are for better regulation of home-based work, and remote work, because presently there are many inconsistencies in the legal provisions which creates legal uncertainty for the workers and employers.

*“The biggest problem with employment contracts is that IT staff often prefers home-based work. This means that they can work from on a certain projects no matter where they are located”.<sup>104</sup>*

The traditional employment does not provide for this, because the company has to define the office hours and introduce electronic registration of workers. In accordance with their needs, the legal framework has to cover what workers want from them as employers, that is, the possibility for teleworking, because often young candidates often during job interviews state this type of work as a prerequisite which the employer needs to enable, for him to start working.

*“We are currently not practising that, because the standard work contracts do not provide for this option, but there are projects on which we do have such a need, and such a type of job contracts are definitely most appropriate.”<sup>105</sup>*

Remote or work from home is a need which has imposed itself from the

<sup>103</sup> Interview with representative of a private company that owns a vineyard and produces greenhouse fruit and vegetables. Conducted on 27.07.2018.

<sup>104</sup> Interview with representative of an ICT company 3. Conducted 21.08.2018.

<sup>105</sup> Ibid.

model of cooperation, most often of software engineers with clients, and this gives them some flexibility and freedom which allows workers to work outside employee premises.

*“No matter if it is work from home, or remote work, as long as there is a stable Internet connection and a laptop, a person can do its job [...] This still depends on the business contracts, because there is always a need for people to be in one physical room with certain standards of information security being observed.”<sup>106</sup>*

Employers which use this form of employment and work from home, consider it necessary to introduce electronic system of recording of employees working from home. There is record-keeping of office hours, and employees have to clock in. The company is the one which prepares a work-from home order, and both parties sign the order. The law recognizes only paper-based work orders, with indication of the specific activities that have to be carried out. The legal framework does not take into account the flexibility in the work that is imposed as a need in the ICT industry and the home-based work, in accordance with the law, needs to be pre-planned, because it is necessary to sign a warrant and prepare an appropriate timesheet for the activities performed. In case of urgency of work, that is very common in this industry, employers cannot issue orders for home-based or remote work the minute a worker is unable to come to work or decides to work outside premises of the employer, or has to terminate the annual leave in order to perform a worktask which takes one day or a few hours. Generally, employers do not need new employment contracts, but in accordance with the conclusions drawn from the conducted interviews, employers consider that it is necessary to improve the existing provisions that regulate employment contracts that are provided for in the Law on Labour Relations.

*“The so-called ICT-based mobile work, here we refer to as working remotely. Realistically speaking, it is not prohibited by law, but nor is it explicitly provided for [...] In the Labour Relations Law there is no explicit prohibition that you cannot work from home. But you know, in my opinion, many things depend on how things will be seen if inspection comes to you, how they will interpret it, and therefore you have to be very careful, in other words, to be clear on what you allow, what you do not allow, and to what extent do you allow for some things”.<sup>107</sup>*

For employers in the ICT industry, home-based or remote work is an advantage in terms of efficient performance of work. If the employee is not based in the city where the company is located, it is more efficient and productive if the

<sup>106</sup> Interview with representative of an ICT company 2. Conducted 26.07.2018.

<sup>107</sup> Interview with representative of an ICT company 1. Conducted 01.08.2018.

worker stays home and works eight hours and this way saves on travel and commuting costs, especially if there are public holidays or other non-working days in that week and the worker needs to come to work for only two or three days a week. For the worker, this might be a problem that might ruin his/her motivation to work, the comfort of home-based work will be disrupted which might negatively impact work performances.

Additionally, employers are limited in terms of the content of the contract, that is, the ability to amend them with certain favourabilities or benefits that they could offer to the workers, which would be an added value to the employment contract. Our interlocutor indicated as an example the private health insurance which they provide for their employees.

*“Yes (the company can cover the private health insurance). But this cannot be added as benefit in the employment contract, I mean there is no such framework. You can not leave the flexible time inside completely, again you have to define it [...] And we have (flexibility), because we have to define that this team will work from ten to six. Or this team will work 24/7, only the employees will rotate.”<sup>108</sup>*

Workers, with the development of technology and the limited supply on the labour market of skilled workforce knowledgeable in ICT skills, impose more demands and benefits which employers, if they want to be competitive, need to meet. Employers therefore provide additional recreation and entertainment facilities, as well as food and beverages all at the expense of the company, that workers can use while at work.

*“So, the salary is not a benefit, simply the salary is agreed and then a list of benefits is opened. Ok, what will you offer more: can I work from home, will I get to travel [...] Do you have private health insurance, do you have parking space available, all to the tiniest details. So that, to a great extent, workers coming here are asking what you have to offer”<sup>109</sup>*

Even in terms of wages, regardless of the contribution rate, workers in the ICT sector negotiate during employment the amount of their net salary. For employers, being able to offer workers home-based or remote work, if they consider it more appropriate at that time, is additional benefit and sign of flexibility of the employers which they allow to workers. In some cases, it is far more beneficial for employers if all workers were present at their workplace, but workers not always prefer to work on employer premises.

<sup>108</sup> Interview with representative of an ICT company 1. Conducted 01.08.2018.

<sup>109</sup> Ibid.

*“To us, as a company, it's more practical if the entire team are the workplace, but the fact is that there is over-fluctuation of IT staff, especially many are moving out, which means that we have a continuous shortage of IT staff and when they come for a job interview, without that condition they do not even want to start working. Moreover, we cannot be flexible without finding suitable staff.”<sup>110</sup>*

From a perspective of the employee, flexibility is important in terms of self-organization of work. The employee can decide by himself when to work, how long will the break be, as long as the job gets done, and most often employers do not have a problem with the choice of work of the employee. Focus group participants working on online platforms who organize their own time agree with this, because employers with whom they have no physical contact, nor have they ever met them, offer them the desired flexibility until they successfully complete the given tasks.

In the ICT industry a problem might be the constraint to link the work assignment to the number of working hours, and not to the scope of tasks completed. In accordance with the Law, office hours are defined in correlation with days and working hours, and payment for worker's labour is linked to its presence at the workplace whereas performance – based valuation of labour is not a primary parameter.

*“There is no performance-based payment in Macedonia provided for in the Law, i.e. we cannot agree on something which I would do for you and in return I would get that much money. It is more time-based, you sell time, you do not sell a particular part of a completed job, while in other countries this exists [...] now it is a different thing, for example, someone works for five hours, someone else works for two hours, but it may happen that a person working two hours gets more work done compared to three people who work for five hours. And that is why I think this deserves flexibility as well, where payment per performance is possible, and not just for ICT jobs.”<sup>111</sup>*

Payment per performance or payment for a finalised product can be done by using service contracts, but even in that case there has to be indication of the working hours or days, that is, there are provisions as to for how long an employer hires an employee. The problem for workers, but also for employers in the ICT sector, as we already mentioned, are the working hours and breaks. Workers in this industry need longer breaks if they want to be productive. Workstations in ICT companies most often provide a pleasant environment and working conditions in which workers are provided with adequate entertainment and recreation facilities (gaming facilities, socializing, watching movies, free snacks and drinks), which allows workers to make longer breaks and stay at work longer.

<sup>110</sup> Interview with representative of an ICT company 3. Conducted 21.08.2018.

<sup>111</sup> Interview with representative of an ICT company 4. Conducted 26.07.2018.



*"For example, one cannot take a break at the start or at the end of the workday, it's somehow very strictly regulated and has to last half an hour, if you want a longer break or if you want to leave now, then come back later or go earlier and then work from home. Such things are not regulated and flexible hours are not regulated [...] Flexible working hours cannot be reported, only work in shifts can. And now there is a problem here, if he have the second shift working, because we are we working with America, there is often an overlap".<sup>112</sup>*

In the Republic of North Macedonia, the ICT industry necessitates professions which the system does not recognise.

*"We faced with this problem more than five years ago. Let's say the Employment Agency in Macedonia offers a very limited number of job positions, there are no different types of programmers there, only junior, senior and just programmer. The ICT industry is the world has fifty, maybe even more types of different programmers and developers, do you understand? I am not saying that all should be offered by the Employment Agency, but I think we need an update of occupations, because after all you need all those positions when creating the staffing plan of the company".<sup>113</sup>*

Companies in their work organization do more detailed systematization of jobs and directly do not face certain problems in their work, unless they have to register a new employee in the employment agency, especially if the person has a secondary education.

*"If the worker has only secondary education, he/she cannot work as a programmer, due to some regulations they have [...] I make these electronic registrations/deregistration, and when I enter secondary education as a degree of education, the options it gives me do not allow for IT programmer professions. It offers some trades or other jobs fit for secondary education, but none of them linked to IT professions".<sup>114</sup>*

This is seen as a problem for employers, because in the Republic of North Macedonia, many workers, especially the younger ones, are completing education or retraining for other qualifications, as part of the non-formal education, and the country offers many academies and schools offering certificates for successfully completed trainings, certifying the acquired knowledge of the employee for certain ICT skills required on the market.

<sup>112</sup> Interview with representative of an ICT company 4. Conducted 26.07.2018.

<sup>113</sup> Interview with representative of an ICT company 1. Conducted 01.08.2018.

<sup>114</sup> Interview with representative of an ICT company 4. Conducted 26.07.2018.

A new form of employment applied in practise in the Republic of North Macedonia is employment via online platforms. The Macedonian legal system has not regulated this manner of work, nor does it prohibit it. Workers on online platforms settle taxes based on the payment received, if they use Macedonian bank account.

*"Freelancers from Macedonia work for foreign clients using such platforms, and this is completely regulated in Macedonia. I can indicate a Macedonian banking card on which foreign clients can pay me, if I work through the platform or, for example, if I want to hire someone, as we have had several contacts, with designers, with people from abroad."<sup>115</sup>*

Companies from the Republic of North Macedonia most often do not use the platforms to hire workers, because the services they receive from workers in the country are cheaper. Platforms are used in case companies are unable to hire suitable persons to complete the desired tasks, and most often seek external collaborators and workers abroad, in other countries, so in the Republic of North Macedonia online platforms are used by workers who work freelance or are self-employed.

*"I work freelance from the platforms. I do two similar, but different occupations. The one is a software tester, the other is in social media, and do both from a laptop, from home. I have never been a regular employee, nor do I have any great desire for this. In the past I had a problem keeping several jobs because of one chronic illness which I have, so I realized that this method of work is the only possible, because I do not have the desire for a state job."<sup>116</sup>*

Online platforms in the Republic of North Macedonia represent a way for workers who for certain reasons (health problems, child care, etc.) are unable to find a standard employment, and to them, this is an opportunity to earn income that will help them cover their living costs. Depending on the skills they possess, this model of work, especially for highly skilled workers in the ICT industry, can bring good earnings which they would not have achieved if working standard jobs or part-time jobs in the Republic of North Macedonia. For the state, these employments are hidden and cannot be recorded and made part of the system. Workers do not enjoy the rights that other workers have, because they are not registered and do not pay the mandatory contributions neither as employed persons nor as self-employed persons performing independent professions. For people working in this way, the employment contract is not important and they often accept job engagements without concluding a contract with the employer.

<sup>115</sup> Interview with representative of an ICT company 4. Conducted 26.07.2018.

<sup>116</sup> Focus group, participant number 6 employed under the new forms of employment. Conducted on 10.12.2018.

## 7.

## Findings obtained from focus groups

## 7.1.

## Focus group with persons employed in the new forms of employment

The new forms of employment, such as work from home (on free-lance or full-time base), work with more clients on the domestic or foreign market as well as the employment via online platforms are used above all by younger workers, but also by older workers in the Republic of North Macedonia.

Alexander is a 30-year-old video game developer for foreign companies. Most often he works from home and to him, the non-standard way of work is actually the only means of earning money. In the Republic of North Macedonia there are no video game companies, so the second option for him to do what he wants is to move abroad. From his experience, we concluded that the employment contracts for persons working under the new forms of employment are not the most important. Alexander says that he did not have an employment contract in the past, but he admits that neither he nor the employer had any legal certainty or responsibility arising from the employment relationship if they were to conclude an agreement. The problem is that this job is precarious and the employer can fire him very easily, or decide not to pay him for the work done, they haven't defined working hours or sick leave provisions, unless employer provides for this in agreement, upon good will. Such work via online platform, in accordance with the terms of use that it imposes, gives users greater security in terms of payment and execution of the agreed provisions.<sup>117</sup> Alexander and Marko, who also works through on-line platforms and is a software tester, both agree that they do not feel any desire, obligation, or need to pay taxes. They do not want to do it, because they are not happy with how the taxpayers' money is spent in the country and it does not match their needs and interests. They think payment of contributions does not provide them with quality health care and think it is wiser to pay for life insurance rather than to the Pension Fund of the Republic of North Macedonia, because in the future they expect this system to fall apart. Marko says this goes only in the wrong direction and therefore does not want to be taxed.<sup>118</sup> He does both tasks from a laptop and works from his home. He was never a regular employee, and says he does not have a great desire to work. He says only work from home is the model he wants to and can work under, because in the past he faced serious problems keeping his job, because he had a chronic illness because of which he was frequently absent. On the other hand, Milena has worked as a freelancer from home more than six

<sup>117</sup> Conclusions from focus group with persons employed under the new forms of employment. Conducted on 10.12.2018.

<sup>118</sup> Conclusions from focus group with person employed under the new forms of employment. Conducted on 10.12.2018.

years for a foreign company and manages her own travel site. This way of work suits her because she can save, there are no food and transportation expenses. Her earnings are twice higher working for foreign clients, than for Macedonian clients. Working from home makes her isolated from people, because she does not want to gain friendships at the workplace. E-mail and Skype communication for her is quite enough. Her previous experience was as full-time worker on employment contract, but because of problems with her hand, she thinks that work from home is an easier way to fulfilling obligations. At her standard workplace she cannot go out for a walk when she feels the need, and then to come back and return to work.<sup>119</sup>

Generally, employers want from them as workers certain skills and past experience. Participants said that sometimes they are required to show evidence of past experience and work in the related field, a portfolio, high level of expertise that would make them stand out compared to the competition, prior work on other projects, quality and speed in the execution of tasks. They consider experience important, but insist less on this because they are aware that they pay these workers in this region of Europe significantly less than what they would pay workers in more developed countries, and this is already a calculated risk for the employers. On the other side, working conditions are important for them as workers, the working conditions, the obligations they would have, the schedule and working hours, the manner of payment and the relationship with the employer. They choose to work in this way because they are already accustomed and like to function as such, mainly because of the flexibility in terms of the working hours, as well as the freedom to allocate their own working time, considering the deadline given to them for completing the worktask.

*"It is important to have flexibility, because I have a travel blog and often travel [...] and it important that they accept that because I know my deadlines and observe them, but not all want to have an employee like me."*<sup>120</sup>

Most workers engaged in the new forms of employment have never met their employers. Those who conclude certain employment contracts, most often use the service or royalties contract, but everyone agrees that the contract itself is not very important in this work. They think that the relationship they have had with Macedonian employers are very different from the relationships with foreign employers, because there is no micromanaging nor a match between supply and demand, that is, Macedonian employers cannot deliver what workers are asking from them. To them, flexibility in their work means an ability to do when they want and can.

<sup>119</sup> Conclusions from focus group with persons employed under the new forms of employment. Conducted on 10.12.2018.

<sup>120</sup> Focus group, participant number 10 employed under the new forms of employment. Conducted on 10.12.2018.



*"For example, I had a problem with my hand, after about three hours typing it started hurting, but at work I cannot get up and go on a walk for one hour. What would the boss say about me? It was a terrible problem for me, and so I quit. But when the boss is someplace in England or Germany, he does not care what I'm doing, as long as I send him the text. If I have an urgent (private) matter to attend to, I do it, leave, come back, and then go back to work."*<sup>121</sup>

Biljana makes handicrafts for clients she finds over the internet and says that the freedom she has cannot be understood by the people who work closed in an office on daily basis, so only those who have worked from home or as freelancers can understand the positives of work flexibility.

Experiences of participants in the focus groups were different. Depending on the job type, they most often have deadlines and they distribute their own working hours.

*"It is up to me to decide how to organise my working hours. If I feel like it, I won't touch a thing for two days, and the next days work 16 hours and finish everything. It is only important to meet the final deadline. But if the deadline cannot be met, it is important to notify the client of this."*<sup>122</sup>

Some participants say that employers are systemically following hours spent on an certain worktask during eight hours' workday, but sometimes they allow themselves not to work in those assigned times, and to finish work later. To them it is important that they be included in the system, in the time planned by the employer for this.

*"I have to be available for at least four hours. This allows plenty of flexibility."*<sup>123</sup>

Concerning motivation which they receive after a job well done, they say that it does not happen often, those who work in groups have positive experiences, and after the completed project they receive a certain bonus as a group. Some participants believe that a sufficient reward for them is to receive a positive recommendation for the successful completion of the work.

It happens sometimes that they work far beyond the working hours, since clients are asking for a ready-made product from them within a much shorter period, therefore not all participants have only positive experiences in terms of

<sup>121</sup> Focus group, participant number 10 employed under the new forms of employment. Conducted on 10.12.2018.

<sup>122</sup> Focus group, participant number 9 employed under the new forms of employment. Conducted on 10.12.2018.

<sup>123</sup> Focus group, participant number 6 employed under the new forms of employment. Conducted on 10.12.2018.

working conditions. They receive payment for their services through bank transactions (on foreign exchange accounts) or via companies that make electronic payments to accounts abroad (Paypal, Skrill, Payoneer). They say that this method of payment was not invented by them, and will always exist because they do this type of work to earn money and not to get rich. There is concern among them, however, that the Public Revenue Office is preparing ways how to tax them and monitor all their transactions, because it is not in the favour of the state for them to make fast money through small projects. Teleworking and part-time work arrangements for these workers are an additional opportunity to earn more profits because the maximum salary they would receive through standard employment in a particular company is limited and does not fully meet their needs, and therefore they decide to work freelance. An additional benefit is the expertise and experience they gain by doing this, because looking ahead to the future they are aware that there will be fewer sustainable full-time jobs, and they will always have a backup plan which will bring them enough good profits. They perceive the future employment relationships with limited interaction, with only completion of tasks followed by payment, nothing more in terms of building a rapport or socialising with the employer. They do not, however, expect any improvements in the stability for their work tasks in the future, because no matter the quality of the worker, it will not be hired any more if such services are not needed, or will only be hired when need for such services emerges again. In spite the instability of employment, there are many adverse effects of the use of new forms of employment. Such precarious style of work precludes maintaining a relationship and familiarity with other colleagues, which, according to one of the participants, is key to preserving the company, and additionally limited communication means a smaller scope of exchange of experiences among colleagues.

*"I have worked in a 'startup' and it is not bad. In particular, due to the software testing, it does make a difference to me if I have the colleagues and programmers next to me, because otherwise it is very hard to find them. They want to work four to five hours, and then they disappear."*<sup>124</sup>

Due to the increased workload and engagement on various projects part of the workers miss socialising with their community. In order to meet the deadline assigned for the worktask, it happens that they don't leave the house for a longer period of time, isolate themselves from the others, especially in the winter days. Such a form of work also aggravates their access to loans because they cannot prove steady means of income and stabile work engagements, that is, banks trust more those who attaching proof of permanent employment. Moreover, persons working in this way have a restricted access to US visa.

They believe there is increased number of people in their surroundings

<sup>124</sup> Focus group, participant number 6 employed under the new forms of employment. Conducted on 10.12.2018.

engaged in such type of work. For the older, technological development does not leave enough time for adjustment and requalification, although in North Macedonia digitalization will take place at a slower pace, it is certain, however, that skilled personnel in the ICT industry will increase. Competition will grow worldwide. Although experience will always be valued, the price of labour will decline due to competition from countries like India, China and Pakistan. Employers will require workers to have previously worked in a specific branch, regardless of the other skills and qualifications, i.e. they will only seek to hire workers with precisely the required qualifications. They think that beginners will be less in demand, due to the increased number of workers for the same work, and the ICT industry will continue to develop in the coming decades. They estimate that some jobs will be for sure automated, including jobs that some of them are currently working on, such as, for instance, software testers. In the future, the same tasks will be carried out automatically, and opening of new jobs will follow that course.

*“Definitely most of the jobs in the production plants will be automated and discharged by robots. It means that by all means, the robots will be subject to tax in the future, to robots will be taxed. This will be revenue for the state [...] definitely the legal work cannot be replaced by a robot.”<sup>125</sup>*

Women who prefer to work from home, with clients from abroad, or finding jobs through online platforms are aware that work is not sustainable and worry about the fact that their contributions are not covered. Tatjana is an older participant in the focus group and says she has had a long working experience with standard employment and has recently started remote work. She believes that while workers are young, they are not interested in these issues, such as health and pension insurance, but as years go by, they realize that this is a very significant benefit for them as workers. She says she no longer pays pension insurance contributions because she has enough years of service and is eligible for old-age pension. The younger female participants did not take these issues into consideration, including that of pregnancy and maternity leave.

*“I haven't thought about that, I sit and write texts, so I am assuming I can continue doing that. But even looking after a dog is a problem, let alone a child. It is hard to achieve it all. This is, after all, a serious problem and deserves to be given a thought [...] I have no health or pension insurance, and I would like to enjoy the benefits of that”.<sup>126</sup>*

We noticed that young women hired in non-standard forms of employment have not paid enough attention to the benefits of having all social contributions covered and the difficulties they might encounter if they are beneficiaries of those.

<sup>125</sup> Focus group, participant number 3 employed under the new forms of employment. Conducted on 10.12.2018.

<sup>126</sup> Focus group, participant number 10 employed under the new forms of employment. Conducted on 10.12.2018.

*“I haven't thought about it, a while ago I started this line of work, and yes, this would definitely be a problem. I know colleagues doing the same job as me. One of them had a baby, the baby is 40 days old, and she works whenever the baby is sleeping.”<sup>127</sup>*

Men too have thought about this. They do not have precisely determined working tasks in a given working time, they do not know how they would organize the time spend on looking after the child, taking into account that kindergartens look after children until 17 o'clock, and their work takes place mostly in the late night hours or with customers from different time zones. The only way to achieve a balance between their obligations and the care for a young child is to hire a nanny, and not all can afford that. And possible injuries that might happen to anyone is also a problem for all workers who work from home.

*“If I were to break my arm, for instance, what would I do then?”<sup>128</sup>*

There is no insurance from any injury that would possibly distance them from the workplace. Any injury to them means a loss of financial resources, while in standard employment, they would be entitled to salary, even under such unwanted circumstances. When asked if they negotiate with the employers such matters, answers varied, but generally there were hardly any positive experiences, because only one of the participants shared with others that she is entitled to around 7 days of sick leave, which, according to her is not too much, but still is taken into account.

*“I hardly even meet with them. Even when we talk over 'Skype' it is only audio chat, so such a topic has never come up. I don't expect any of this, nor do they intend to offer anything similar to this”.<sup>129</sup>*

Employers are expecting from them the final product, the finished work, and these issues are not expected to be regulated by them. In the future, if they were to work for one employer longer, they feel that once they reach some degree of 'closeness' and if the worker were to develop some health problems, they would perhaps wait for this worker to recover without replacing him/her with another, but again the likelihood of this is very slim. For this category of workers, security is important. If they were to maintain the employment relationship, they say their motivation and dedication would increase, and then they would not have to be in constant search for new clients.

<sup>127</sup> Focus group, participant number 7 employed under the new forms of employment. Conducted on 10.12.2018.

<sup>128</sup> Focus group, participant number 10 employed under the new forms of employment. Conducted on 10.12.2018.

<sup>129</sup> Focus group, participant number 6 employed under the new forms of employment. Conducted on 10.12.2018.

*"I know that sooner or later I will have long-term cooperation, but I don't know how many texts will I receive each month, maybe five, maybe twenty or forty, but I will not have a guaranteed income every month."*<sup>130</sup>

All of them agreed that the new Law on Labour Relations should recognize the forms of work they are engaged in. That way they would feel safer, and might be able to decide on their savings, retirement, and health insurance plan, and this would be regulated in a more liberal manner just like in the developed countries, although nobody shared more details on how this is regulated in those countries. It is necessary to determine which sources will be considered relevant for legal certainty in case of possible conflicts between the employee and the employer, such as electronic correspondence or the like. Generally it is very unlikely that the Law in North Macedonia would protect them, and if these issues were to be regulated by restrictive provisions regarding their activity, they say they would very easily circumvent the legal framework and begin working in direct communication with the employer.

Focus group participants believe that if workers of their profile would affiliate in a trade union, this might bring them some benefit and better protection. Most would be willing to affiliate but not all of them like the concept of a trade union protecting their interests. So this might have other forms of affiliation that would focus the state's attention to them, meaning organisations that would invest membership fees paid by affiliates on raising the awareness, participation in drafting of laws, organising various activities and promoting interests in the electronic and written media.

## 7.2.

### Focus group with representatives of workers and employers

From the perspective of employees, focus group participants believe that most important about the employment relation are the salary and working conditions. Workers need to feel confident that they will keep their job, need to have safe working conditions so as to preserve their own health, and certainly to be registered. Motivation can be of a different nature, not only financial, good interpersonal relationships are very important and the employee needs to feel appreciated and his/her contribution to the work organization to be acknowledged. Participants emphasized that the employer needs to provide them with a lifelong learning opportunity and constant upgrade of skills<sup>131</sup> so they would adapt to the

<sup>130</sup> Focus group, participant number 10 employed under the new forms of employment. Conducted on 10.12.2018.

<sup>131</sup> Conclusion from the focus group with representatives of workers and employers. Conducted on 21.11.2018.

labour market, because there is always a demand for workers who possess certain skills. One of the union representatives said the following:

*"Interpersonal relations are very important for the production process. If you do not establish a relationship with the worker, if the worker does not feel pleasant in the working atmosphere, then you cannot expect results. This is a very important, substantial element"*.<sup>132</sup>

Both the workers' and employers' representatives agreed with this view. Regarding flexibility, they consider it equally significant for the worker, but only where it can be applied. Flexibility is also significant for the employer and emphasized that absence of workers from the workplace is reduced if the worker has the opportunity to go out and take care of private matters. However, employers' representatives believe that flexibility is a greater benefit for employees, since it does not relate primarily to the performance of work tasks, with the exception of the ICT industry. Other workers would use flexibility to take children from school and for other personal errands, although the others disagreed and replied that if the worker can finish personal errands and matters, she/he can invest more effort and be more committed to work and the execution of the work tasks.<sup>133</sup>

All the participants agreed that the potential and experience of an employee is significant when applying for a specific job. The representative from MASIT believes that as time changes, employers give more advantage to the potential that the candidate has. The representative of the Confederation of Free Trade Unions agrees and says that in the past it was a problem to find a job without any experience:

*"In the past prior experience was more important, but you need to be working in order to gain that experience. Nowadays, with the new forms of employment and development of technology, digitalisation and opening of new jobs, they place more emphasis on potential rather than on experience."*<sup>134</sup>

Still, it is best in the production industry if experience and potential of workers would complement each other.

A model employer is that who respects basic human and labour rights. Additionally, the representative from the Federation of Trade Unions of Macedonia says that model behaviour of the employer means that the company and its officials pay account to the exercise of rights of the employees in accordance with the

<sup>132</sup> Focus group, representative from the Trade Union of Workers in Textile, Leather and Shoemaking Industry of the Republic of North Macedonia (STKI). Conducted on 21.11.2018.

<sup>133</sup> Conclusion from the focus group with representatives of workers and employers. Conducted on 21.11.2018.

<sup>134</sup> Focus group, representative from the Confederation of Free Trade Unions of Macedonia (KSS). Conducted on 21.11.2018.



company rules, laws in the country and international agreements. Without full exercise of the rights of employees, whereby in turn good behaviour towards the employer is expected, we cannot speak of model employers.<sup>135</sup>

*“You can assess an employer through the work tasks, whether they are completed on time and with quality, that is number one. Number two, the collegial relation, the relationship between a worker and the superior, not to have disciplinary sanctions, because the Law on Labour Relations stipulated many penalties and sanctions, meaning, there are conditions for workers and conditions for the employer” said a union representative.*<sup>136</sup>

Representatives of workers and employers are unanimous that the outflow of labour has already negatively impacted the economy and the labour market. Employers face shortages of staff in all areas, and mostly lack qualified workforce in construction, ICT industry, textile industry, and tourism and service industries. Another problem is the lack of highly skilled workforce. The ICT industry says that analysis they make show disappointing results because there is a lack of workers even for the lowest jobs posts, which is why the state is required to enable cooperation with secondary vocational schools, in order to fill the gap. In this industry, additional education, retraining and requalification of staff with inadequate education are held continuously in order to retain the workers. Representatives of the Organization of Employers of Macedonia say that the secondary level vocational staff in the Republic of North Macedonia is less and less available on the labour market, primarily because of the facilitated conditions to obtain a university diploma, while the quality of education must be uplifted so as to increase the number of skilled workers on the labour market. The representative from the Trade Union of Industry, Energy and Mining of the Republic of North Macedonia joined in the discussion saying that young people in the country are not interested in industrial occupations for several reasons, one of which are the low wages, but the problem is also that for a long time employers have been in a comfort zone while there was a higher supply on the labour market, but now workers are moving out.

*“All the structures in the society, we as workers' representatives also, kept pointing to those things, but also the employers did. We only now began talking about the education system, although all the early signs were there, but no one took an interest in thinking how this whole thing will end [...] and in the meantime the whole system*

<sup>135</sup> Conclusion from the focus group, representative from the Federation of Trade Unions of Macedonia (SSM). Conducted on 21.11.2018.

<sup>136</sup> Focus group, representative from the Trade Union of Workers in Textile, Leather and Shoemaking Industry of the Republic of Macedonia (STKI). Conducted on 21.11.2018.

<sup>137</sup> Focus group, representative from the Trade Union of Industry, Energy and Mining of the Republic of Macedonia (SIER). Conducted on 21.11.2018.

*of education collapsed, all the vocational high schools closed down because of lack of students, we opened faculties in every village across Macedonia.”*<sup>137</sup>

In the Republic of North Macedonia trade union representatives perceive the problem in the economic uncertainty as well. Vocational education is far harder and young people chose the easier path, they chose faculties which are easier to finish and to obtain a diploma, because salaries in the industry are low.

*“Here we need to make analysis for future development of medium and large enterprises, we have ruined our giants, now we need to get them back to business so they would start employing [...] Where will you find employment for those, let's say, of a particular vocation? We tried to do something at the local level and it was accepted by all municipalities, namely to restrict enrolment in the gymnasiums, to limit it with a certain grade average, and to restructure the faculties as well so that pupils who completed a certain strand of vocational school would pursue the same profession at the faculty level.”*<sup>138</sup>

The representative of the temporary employment agency agreed with this, but he added that motivation has to be higher, because nobody would decide to pursue education for a locksmith or founder for a small salary which doesn't even cover minimum costs.<sup>139</sup> So they all agreed that better analysis of the education system is needed in order to establish what staff profiles are needed in the Republic of North Macedonia.

Part of the participants feel that digitalisation will not change much in the economy.

*“What will be digitalised in textile, agriculture, economy?”*<sup>140</sup> asked the representative of the agency for temporary employments.

They say production control will be digitalised, as well as stock assessment, but in some activities we cannot expect that digitalisation would bring about major changes, especially in the ferrous metallurgy.

*“Digitalisation will not contribute much to industrial relations, except in productivity. Human resource management will be more efficient, simpler, faster, but this does not mean that it will be better. Precisely*

<sup>138</sup> Focus group, representative from the Trade Union of Workers in Textile, Leather and Shoemaking Industry of the Republic of Macedonia (STKI). Conducted on 21.11.2018.

<sup>139</sup> Focus group, representative from the temporary employment agencies. Conducted on 21.11.2018.

<sup>140</sup> Ibid.

<sup>141</sup> Focus group, representative from the Business Confederation of Macedonia (BCM). Conducted on 21.11.2018.



*the very relationships within the industrial relations will perish.”<sup>141</sup>*

The representative of the Federation of Trade Unions of Macedonia, believes that digitalization will help people start managing their own employment, that is, as workers they will themselves agree on the terms and relations with the manager, but this can mean that they will lose their rights as workers. They will be required to be available 24 hours a day, not to go on vacation, because they will not have a joint organisation that will fight for their workers' rights. The employer will expect their permanent availability because they are able to work with the smartphone. They add that workers will burn out due to this degree of availability.<sup>142</sup> Even the other trade union representatives agreed that technological developments make the worker constantly available, and it is hard to turn back these processes.

*“A problem, especially in the IT sector, is the work on platforms as we already mentioned, without any employment relationship. Now only based on some kind of contract, tasks are executed for which the employee is hired. The worker can be in Macedonia or any country in the world, without any contributions, pensions and social benefits paid”,<sup>143</sup> says the trade union representative.*

Concerning hiring workers by a group of several employers, they think the system does not support such employment in this way, it does not work although it might have been used, but they are not convinced of any particular benefit for neither employees nor the employers. They say that such form of employment (occasional) when the employer is not obligated to provide sustainable work for the employee, is applied through the agencies for temporary employment or by applying a service contract or seasonal work contract, even though the representative of the temporary employment agencies mentioned that both types of contracts are regulated by the Law on Obligations, and are not considered employment contracts. Institutions still have no way of fully monitoring the application of the relevant laws, concerning the respect to the maximum number of working hours a week, as there is no system for this, and the Employment Service Agency of the Republic of North Macedonia keeps record of the number of hours' work on which employees are registered. The labour inspectorate can not monitor how many hours a day have been worked, in accordance with the employment contract.

*“Unless they go out on the field to inspect, they cannot know. But the problem is that institutions in Macedonia, the Labour Inspectorate, the Employment Agency and the other relevant institutions are not*

<sup>142</sup> Conclusion from focus group, representative from the Federation of Trade Unions of Macedonia (SSM). Conducted on 21.11.2018.

<sup>143</sup> Focus group, representative from the Confederation of Free Trade Unions of Macedonia (KSS). Conducted on 21.11.2018.

*networked and interoperable. For the labour inspectorate to be able to run this check, it needs to previously get data from the other relevant institutions, so that when it goes on the site it can exactly make the inspection check for which it came for. However, there isn't such a systemic connection, i.e. interoperability among institutions.”<sup>144</sup>*

According to the representative of the Agency for Temporary Employments, the labour inspectorate uses portable computers and by inserting the tax or identification number of the company, the labour inspector immediately receives data about the number of employees and salaries paid. He says they aren't directly linked, but they can run a check and find out how many registered workers work in the company, and how many are working at the moment of inspection.<sup>145</sup> In the Republic of North Macedonia there aren't voucher-based payments (with a daily coupon), as there isn't a legal solution for this. They say this is implemented in the neighbouring states such as Croatia and Bulgaria, although the representative of the temporary employment agency said this is a matter of the agencies. Representatives of the Organization of Employers of Macedonia believe that the voucher can be a useful tool for payment for labour. Although, according to the representative of the temporary employment agency, temporary work is increasingly replacing seasonal work which is in a downward trend.

*“I've been dealing specifically with temporary employments for 28 years now, and right now they are in a downward trend. Cases of undeclared labour are in upward trend. Yes that is the case, especially in agriculture”.<sup>146</sup>*

Participants did not have extensive knowledge about online platforms through which workers find work assignments. They exist in the ICT industry, but they think that companies in the Republic of North Macedonia are not using it. Experience of workers using such platforms to find work, according to the representative from MASIT is positive, because the employee receives certain scoring and ranking, creates an e-portfolio in which employers leave their comments. This way, employers can easily choose their employees. Workers are hired for certain smaller projects which have a fast delivery period.<sup>147</sup> Different types of contracts are concluded for this worktask, which cover the personal income tax, but those aren't employment contracts.

<sup>144</sup> Focus group, representative of the Trade union of workers in the agro-industrial complex of Republic of Macedonia (Agro-Sindikati). Conducted on 21.11.2018.

<sup>145</sup> Focus group, representative from the temporary employment agencies. Conducted on 21.11.2018.

<sup>146</sup> Ibid.

<sup>147</sup> Conclusion from focus group, representative from ICT Economic Chamber (MASIT). Conducted on 21.11.2018.

*“They pay the personal income tax. There is a difference when salary is paid, we call it gross wage, which includes contributions for pension, disability, social, health insurance and personal income tax. So gross salary and net salary which they take with allowances, but if we talk about work on such platforms, that is not employment, that is a service contract [...] this is purely a contractual relationship.”<sup>148</sup>*

In this case, the employee is considered to be an independent worker, not an employed person. The application of new forms of employment in the ICT industry is also driven by the desire not to make the payments in the same way as it has been until now, in other words, not to pay taxes to the state. According to the representative from MASIT, hiring workers through online platforms has certain negatives for employers as well, because if they were employed people, the employer would get to meet with them every day, resolve with them various problems and invest in upgrading their skills. Sometimes the job is actually more than work and it represents interaction and socialization between colleagues. Online platforms enabled hiring people you will never meet. In this industry we have also seen 'borrowing' of staff which has the needed work experience for developing a program or certain materials, and is a positive phenomenon among co-workers, but the problem is that the worker should adapt to the conditions in the new work organization while working on the project on which he/she is engaged. He does not know his colleagues, nor is there any coherence with the people and the team, because he is not part of that team and it is harder for the worker to achieve harmony in the new work organization. Since interpersonal relationships are important in the working relationship, participants consider this to be a certain disadvantage which arises from this manner of 'borrowing' workers to another company.

Another motivation that would encourage employees to choose a new form of employment, instead of the standard eight-hour working time, according to them, as the decisive factor, are the financial benefits and flexibility, although they are concerned about the maintenance of the system and the normal functioning of the state. However, the application of new forms of employment requires more steps.

*“We are the only country, I will reiterate, where by law all of us are allowed to work only eight additional hours during the week. We need to develop this, we need to take over the system which exists in the whole world, so paying all taxes to the state, and if I am mentally and physically capable, I can work 18 hours a day, every day,”<sup>149</sup> says the representative of the temporary employment agencies.*

Additional discussion question was also the issue related to the job security

<sup>148</sup> Focus group, representative from Trade union of workers in the agro-industrial complex of Republic of Macedonia (Agro-Sindikata). Conducted on 21.11.2018.

<sup>149</sup> Focus group, representative from the temporary employment agencies. Conducted on 21.11.2018.

of worker who has not signed a contract with the employer.

*“There is no security, but the cash is enticing so the worker accepts flexibility and a small earning on the side, at the expense of security. And young people are following this.”<sup>150</sup>*

On the other hand, work in this way increases efficiency and the possibility of attending to other personal matters during the day. The deficiency is that the worker is not present at the workplace and is not up to date with developments at work.<sup>151</sup> Although the representative of the Trade Union of Industry, Energy and Mining says that this increases the stress and pressure in workers due to the need to show bigger effectiveness for a shorter period of time.

*“Nobody is looking at the long-term consequences. We all see the present, this month the employee says: I want to work 100 hours overtime, why did you give me only 8, I want to work 100 hours? I also see workers who, over three months of major repairs worked 300 hours a month. And then the fourth month they are all on sick leave, on long-term sick leaves. At present nobody sees the consequences, and after that you have a problem with the mental and physical health.”<sup>152</sup>*

The other representatives of trade union organizations agree and think that workers under such conditions cannot look after a family, nor take parental leave, and how female workers would exercise their maternal rights is one of the most important questions. A certain adjustment to the legal framework is needed, in case a woman who needs to take care of her children or when she considers it necessary, could work part-time from home. According to the representative from the Organization of Employers of Macedonia, there are companies in the developed countries where workers are allowed to come to as late as by 11 o'clock, to work half of the working hours, and the other hours the worker can complete during the day when most convenient for the employee, i.e. after finishing the personal commitments the worker can get back to work.<sup>153</sup>

Workers in the Republic of North Macedonia are aiming for greater earnings in order to pay for housing loans, provide better living conditions for the children and for better existence. They try to meet the basic living needs and increase the quality of life, and therefore the financial benefit to them is still the biggest driver that prompts them to work in precarious and non-standard work. When basic needs are met, the financial part is no longer the major driver. For these reasons, in the

<sup>150</sup> Focus group, representative of the Federation of Economic Chambers of Macedonia (MCC). Conducted on 21.11.2018.

<sup>151</sup> Focus group, representative of the Organization of Employers of Macedonia (OEM). Conducted on 21.11.2018.

<sup>152</sup> Focus group, representative from the Trade Union of Industry, Energy and Mining of the Republic of Macedonia (SIER). Conducted on 21.11.2018.

<sup>153</sup> Focus group, representative of the Organization of Employers of Macedonia (OEM). Conducted on 21.11.2018.

Republic of North Macedonia workers are opting for work in the public sector. Their motif is job security and a regular salary. Being employed in the state administration gives them an employment contract, most often for open-ended period of time, and as trade union representatives say, there are no owners in the public administration who are extracting the maximum from the workers. The public sector is more secure for workers because, as they say, nowadays things there are upside down. In the past, salaries were higher in the private (industry) sector, but back then there was a system, while today only the benefits of the producers in the real sector are extracted, without any return investments. Workers are leaving the state and their jobs once they meet their basic needs, in a quest for a better life. Therefore, workers from the ICT industry are increasingly leaving the country because they are offered better conditions abroad.

*“This month, four senior team leaders submitted their resignation and two of them moved to Slovenia and the other two left for other European countries where they were offered a full package for them and the entire family to work in other firms for a higher salary. We asked them why were they leaving, why give up on Macedonia when you have a very nice salary considering our standard and you can afford a lot?” – “The air is dirty, education is ruined, so is healthcare, I am afraid to go to a state hospital and I do not want my children to continue learning here and to live here.”<sup>154</sup>*

In general, they think that home-based work as it is regulated by law is not clear enough and should be regulated more specifically. This will allow workers who can do the same work from home to proceed that way, if that way they feel better and more productive. This way, as the representative of MASIT says that more categories of workers whose potential has not been used shall join the ICT industry. For example, persons with disabilities who, if allowed, could be hired to work this way. Work from home has its drawbacks in terms of fewer contacts with colleagues and exchange of experiences. The representative of the Federation of Trade Unions of Macedonia stressed that the new Law on Labour Relations is still in draft version. As workers' representatives she said they were not satisfied and have many remarks regarding the length of the fixed-term contracts, and said that additional changes are needed because there is no flexibility without security.

Trade unions indicate that workers in the new forms of employment, in order to receive some protection from trade unions, need to unite, because only united they can represent their interests.

*“To join the unions, to come to us so that we are stronger and more representative”, said the trade union representative.<sup>155</sup>*

On the other hand, the MASIT representative feels these workers should be represented by new, modern unions.

<sup>154</sup> Focus group, representative from ICT Economic Chamber (MASIT). Conducted on 21.11.2018.

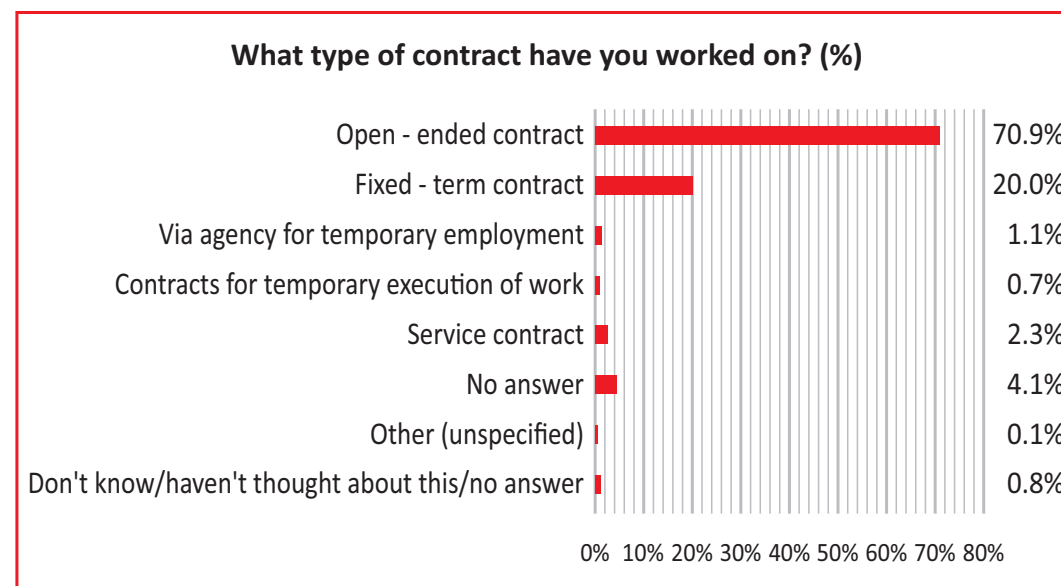
<sup>155</sup> Focus group, representative from the Trade Union of Industry, Energy and Mining of the Republic of Macedonia (SIER). Conducted on 21.11.2018.

## 8.

## Findings obtained from public opinion research

The Centre for Research and Policy Making, as part of this project, conducted field survey in order to document the potential for development of the new forms of employment, exploring the perceptions of the workforce in the Republic of North Macedonia concerning issues related to digitalisation, and their preparedness to accept a flexible work model under one of the new forms of employment.

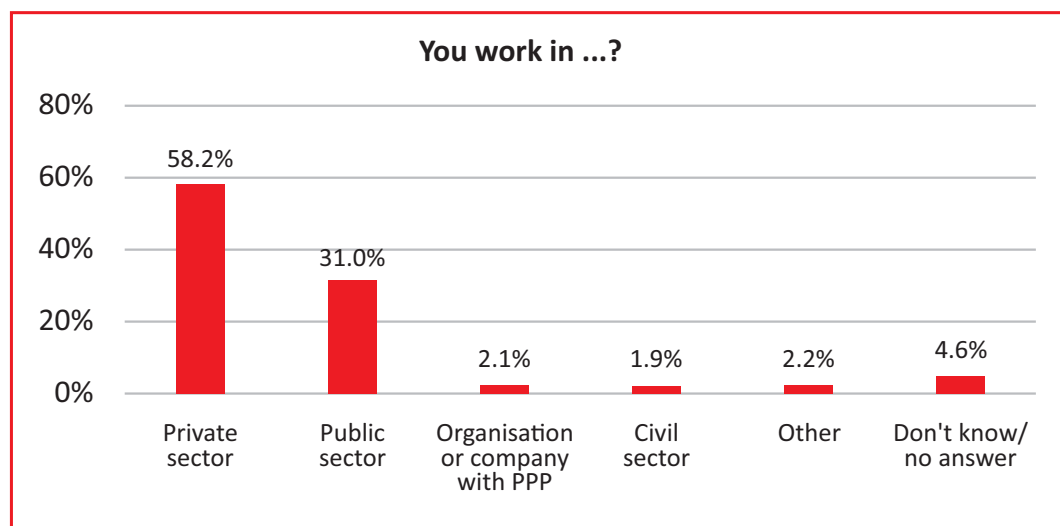
All respondents who were part of the survey were employed, and in light of their main job they have been doing in the past 12 months, they were asked if they consider themselves self-employed or employer. 85% of the respondents said they were employed, and only 12% replied they were self-employed. Those who are employed most often have an open-ended contract (70.9%), while 19.95% of them are employed on fixed-term employment contract. The table below shows the percentage of use of types of contracts under which respondents are hired, including whether they work under service contract or temporary work contract. 4% of the respondents work without a contract, and 25% say they would accept a job without employment contract, that is, they would work undeclared, and as many as 34.9% of the respondents said that if they didn't work at the moment, they would accept that part of their salary be paid to them in cash, if that were to be a condition for their employment.



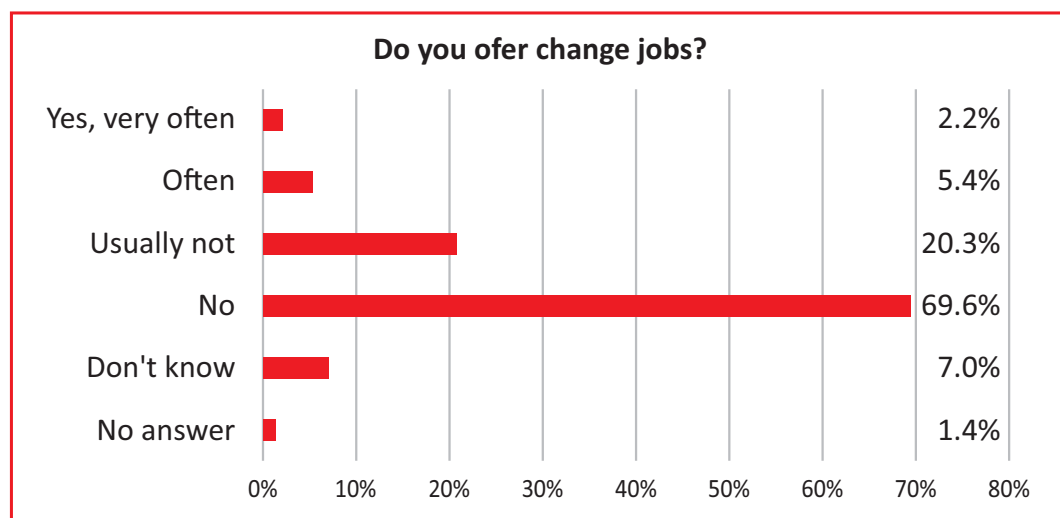
More than eighty-two percent of respondents are not hired in additional (other work) extra to the main work for which they are paid. 7.6% say that they



occasionally work other paid jobs and only 1.8% of the respondents said that in addition to their main job, they also have other regular job. Most respondents (58.2%) work in the private sector, 31% stated they worked in the public sector. Fewer workers work in an organisation or company with public-private partnership or in the civil sector.

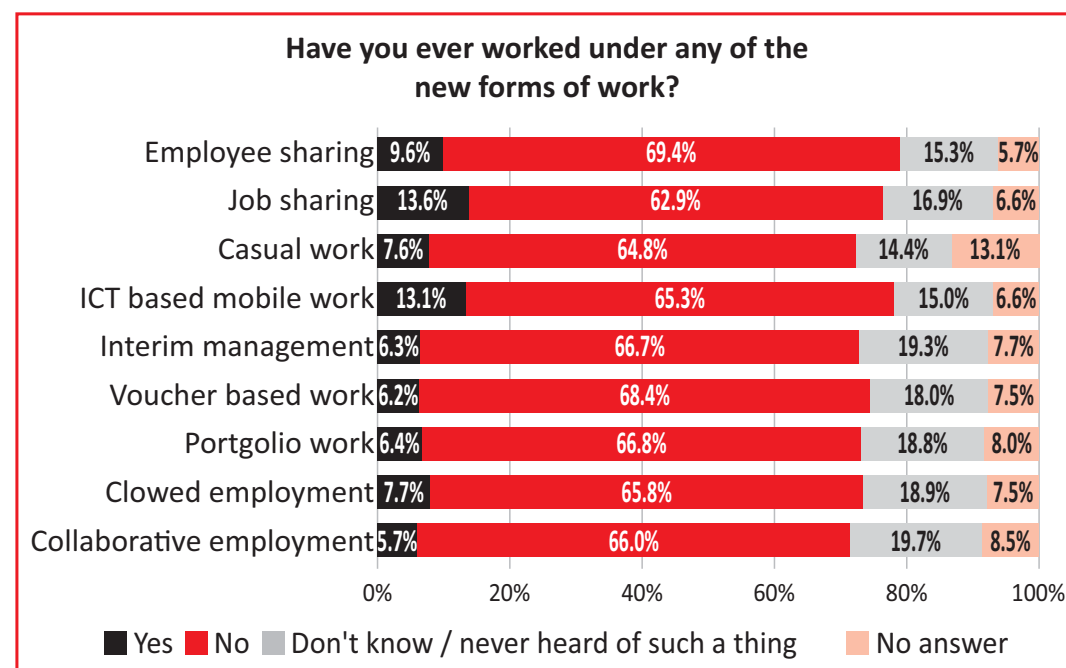


Great many respondents say they often change jobs, which can be an indicator that employees and workers in the Republic of North Macedonia are practising a stable employment relation.



Concerning the new forms of employment, we noticed that citizens in general hadn't worked much in models different from the standard form of employment. It is worth mentioning that the new forms of employment were given

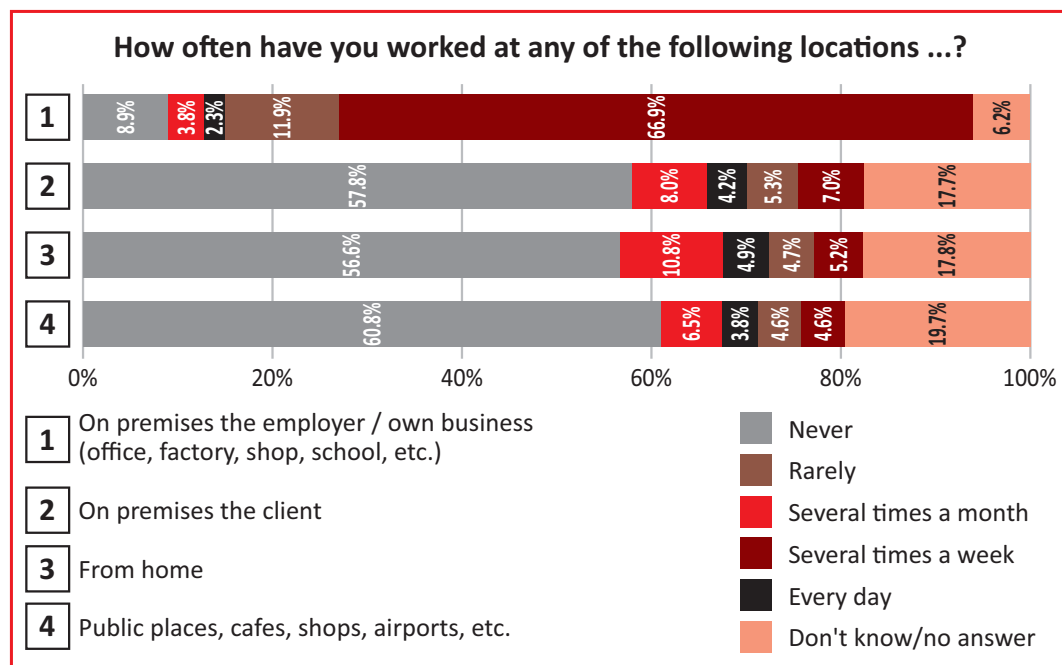
descriptive translations in Macedonian language in order to explain better their meaning to the respondents so they would understand them better.



Most of the respondents who worked in the new forms of employment, have had experience in ICT-based work (work from home, remote work), and were employed with an employer who employs two or more workers on a specific shared job, or were employed by a group of employers at the same time. It is important to mention that the survey-takers, while conducting the survey, noticed that the citizens do not understand enough the concept of non-standard forms of employment, that is, they do not know and cannot recognize the new forms of employment. Thus it is likely that the respondents who have positive answer to the question: "Have you ever worked in any of the new forms of work" actually gave their response based on past experience in standard employment that is not directly linked to the new forms of employment. As for the payment for services with a voucher (daily coupon), such a type of payment, based on pertinent regulations in the Republic of North Macedonia, is not possible. Accordingly, such answers of respondents are due to lack of information or are based on their previous experiences in countries which practise this method of payment.

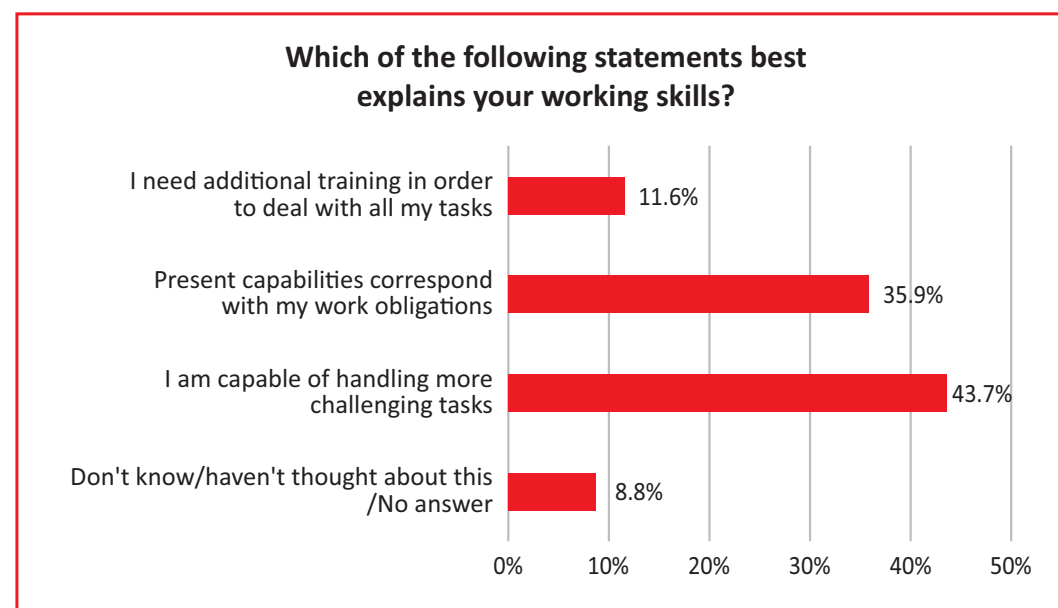
We have noticed relatively high use of work from home, that is, remote work, by use of new technologies - ICT-mobile based work. A bit over 13% of the respondents confirmed they had worked in this way. A relatively high percentage of respondents replied positively that they were employed via online platforms – 7.7% of them.

In order to explore how prevalent is, actually work outside of employer premises, we asked respondents how often they worked on premises the client, or from home, or from public spaces (cafes, airports, etc.). The table below presents data obtained.

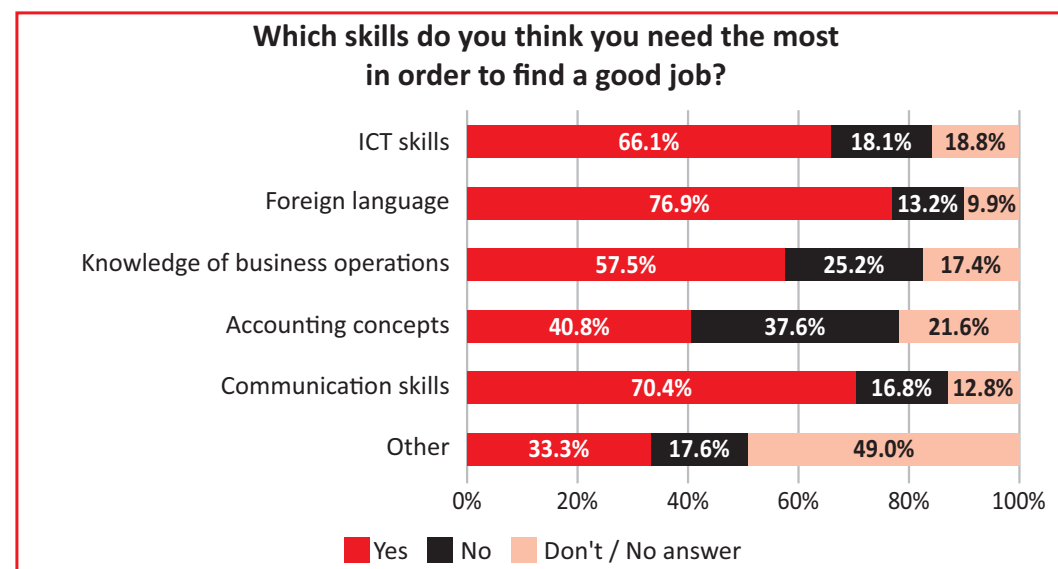


We noticed that 66.9% of respondents said that they work every day on premises the employer/own business (office, factory, shop, school, etc.), meaning that citizens discharge most of their tasks in a standard manner. Moreover, great many workers have never worked on premises the client, so work from their home or from public spaces by applying tools which the technology has made possible.

Of the respondents 40.5% feel that if they are searching for a new job, present work experience and skills would help them find a new job, while 29.8% think their skills will help them greatly in finding a new job. Most respondents feel competent to tackle even more difficult tasks compared to those they discharge at the moment, while 35.9% feel that present skills correspond to their work obligations. 11.6% of respondents feel they need additional training in order to tackle the challenges they have at work.

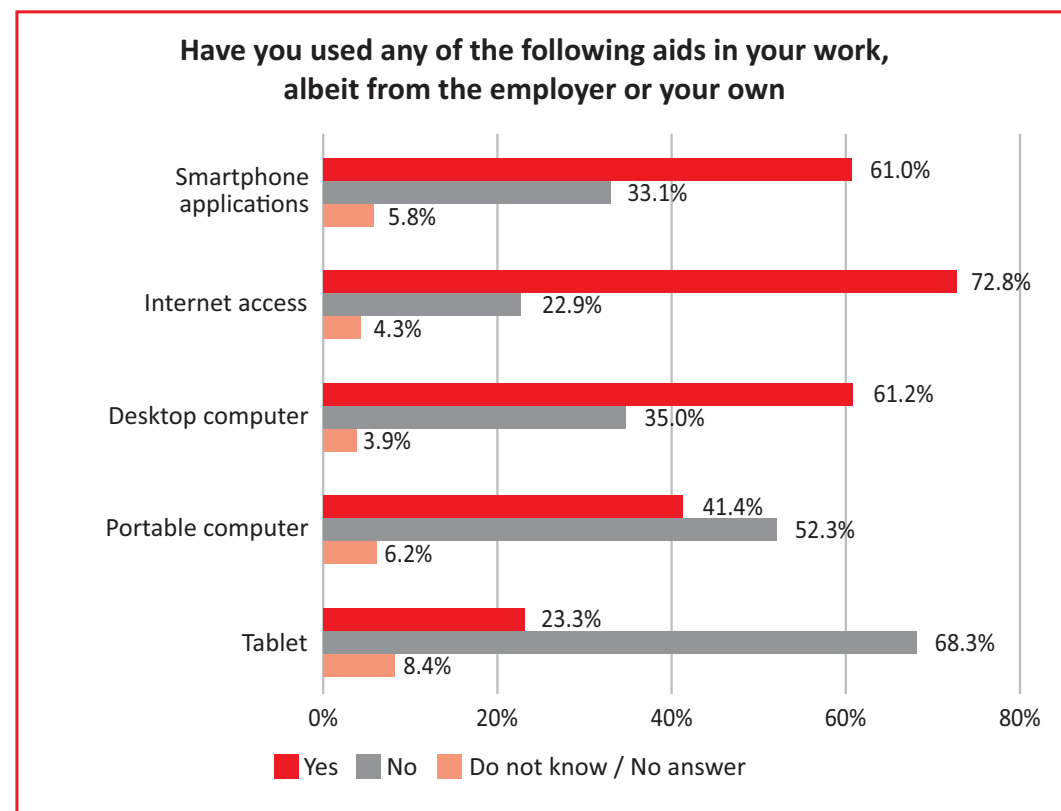
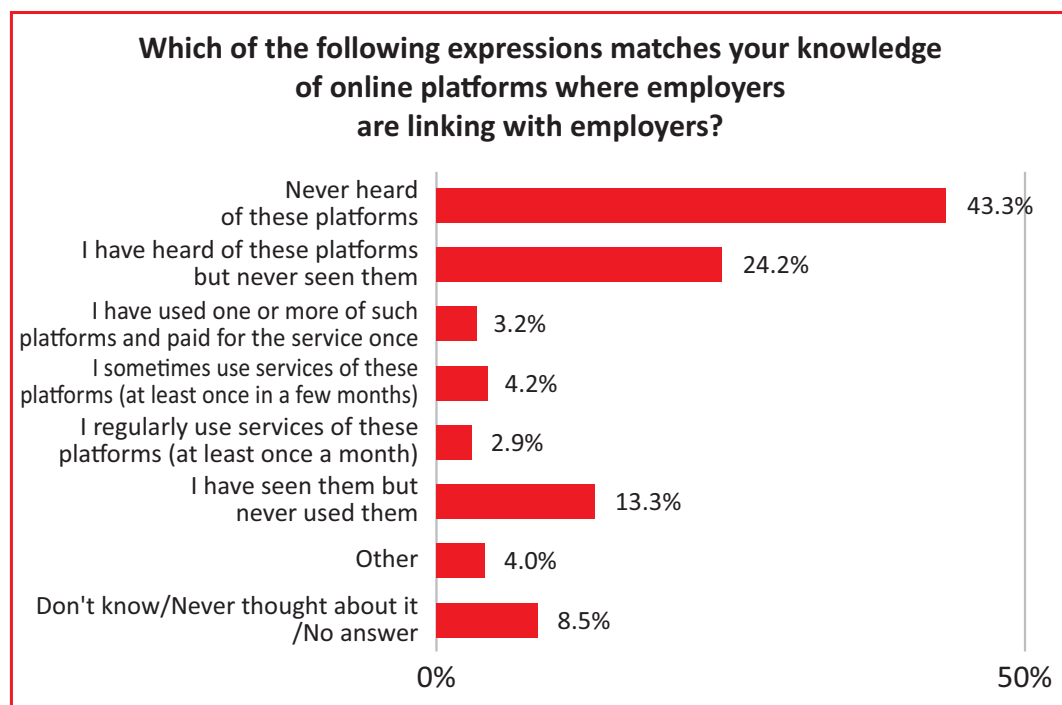


Respondents were asked about the skills which they think are needed to find a good job on the labour market. Less than 77% think that knowledge of a foreign language is needed to find a good job. 70.4% feel that they need good communication skills, whereas 66.1% feel they need to have ICT skills.



Most citizens are not familiar with the services provided by online platforms that offer opportunities to find work by linking workers and employers, i.e. service providers and clients. From the participants in the first focus group (people working in the new forms of employment), we noticed that in the Republic of North

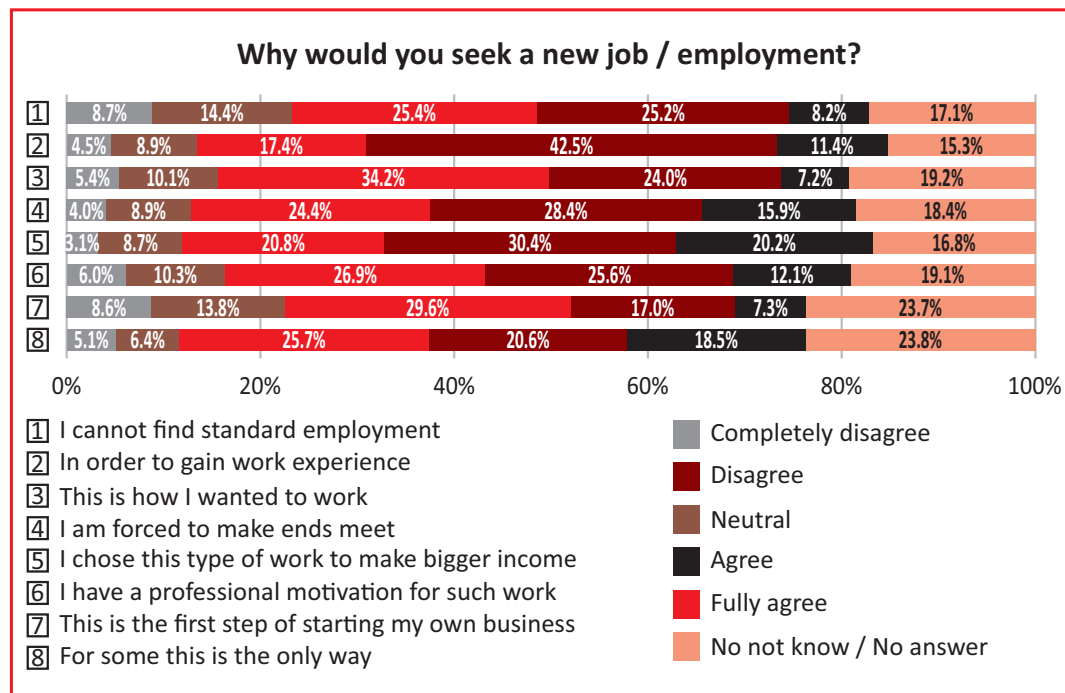
Macedonia, some of the workers are familiar with online platforms and do find work this way, so in their environment this model of work is applied by workers as the main source of income. 43.3% of respondents never heard about these online platforms, while 24.2% have heard about them, but have never explored or seen them. Only 2.9% of respondents said that they regularly use the services of these platforms and do this at least once a month, while 4.2% of the respondents occasionally use online platform services.



Respondents were asked about the use of several devices and applications in the execution of tasks, regardless if they have been provided by the employer or are their own. 72.8% of citizens use internet connection while working, 61.2% use personal computer, 61.1% of them use smartphone applications in their work. The tablet as a device which enables mobility for workers is the least applied tool by workers in North Macedonia.

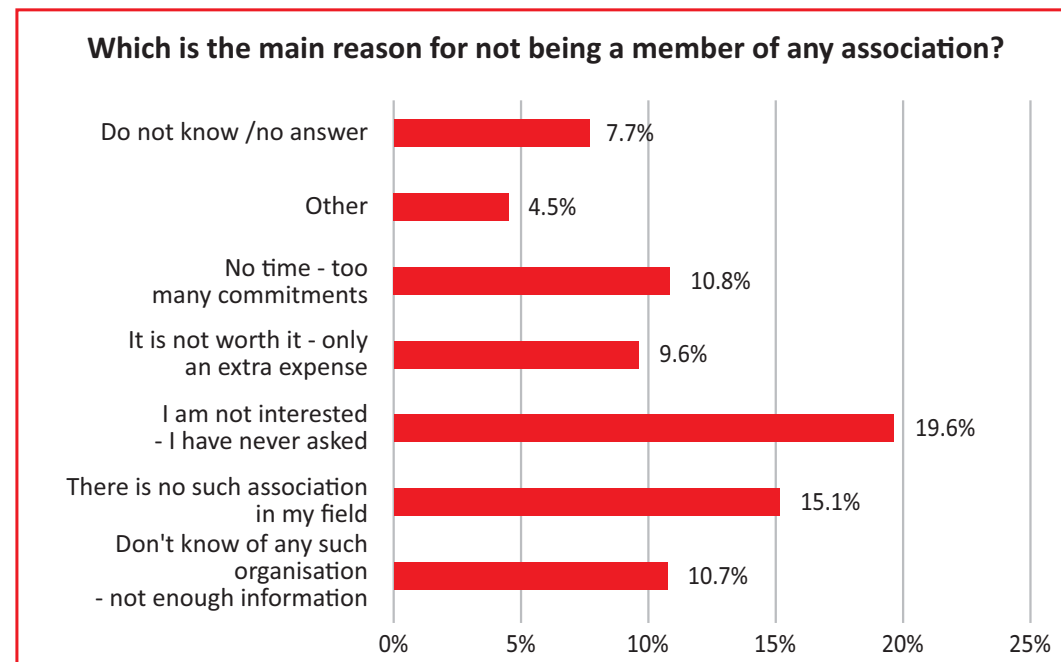
Nearly 55.8% of the respondents who answered that they haven't worked in the new forms of work, would accept to work in a non-standard, new form of employment. The respondents were offered multiple statements in order to examine the reasons why they would be looking for a job that represents a new type of employment. Largest percentage of workers fully agree with the statement that they chose this line of work to earn more income, for some of them this is the only option and would seek new type of employment so they would make ends meet. A high percentage of respondents agree with the statement that they would seek new type of employment in order to gain work experience.



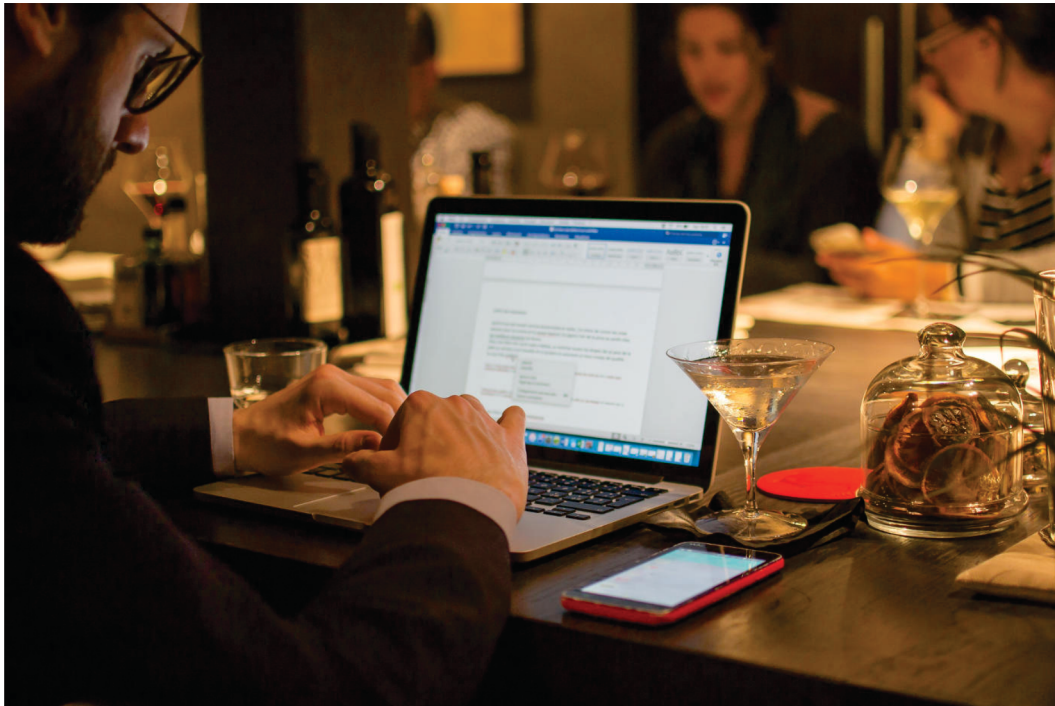


Respondents were asked whether the current Law on Labour Relations is restrictive in terms of their desired activity or form of work. Regarding this question, 29.1% of the respondents think that the Law is restrictive, 29.6% disagree that the law is restrictive in relation to their desired activity, while 41.3% of the respondents have no answer to this question. Citizens have a similar opinion regarding tax laws and how restrictive they are in relation to their desired activity. 26.2% believe that tax laws are restrictive, 32.7% say that tax laws are not restrictive in terms of their desired activity or form of work, while 41.1% have no answer to this question.

Only 22% of respondents are members of a professional association or trade union organisation. 19.6% say that the only reason for which they are not members of a single union or association is their lack of interest about this issue, 15.1% of them say there isn't such an opportunity for them because there is no trade union or professional affiliation in their activity.



Data analysis showed that most self-employed people work for themselves, they are managers of their own business or work as freelancers. The main reason they are self-employed, instead of working for an employer, are the flexible working hours, independence and freedom they have, as well as the ability to work from home. For some of the self-employed, the challenge, creativity and job satisfaction are the main reason for their decision to be self-employed, along with the lack of other working alternatives. Respondents do not like the fact that self-employed persons face greater uncertainty and risk attached to such a way of work, the tax burdens, stress, too high responsibility, as well as the low level of income they accrue by working in this way, that is, as self-employed persons.



## 9.

## Conclusion

Having conducted analysis of the legislative framework in the Republic of North Macedonia, we can conclude that the Macedonian legal system does not recognize the new forms of employment which are followed up by new methods of execution of tasks, nor does it enable their application. The employment contracts which allow for certain flexibility for workers and employers and are partially related to the new forms of employment, are not regulated precisely and clearly and their application is avoided in practice, above all because of the legal uncertainty for employers. Although not regulated by law, the conducted research helped us notice that certain forms of employment are applied by employers and workers. We have noticed that employee sharing as a new form of employment finds an informal application, which is prompted, above all, by the lack of skilled labour, especially in the economic activity of tourism. Research has shown that its application is limited within a particular corporation which manages several hotel facilities for winter and summer tourism, and in this way they compensate for the lack of human resources during the season and at the same time maintain good working relations with the good workers. However, the application of this form of employment in practice is accompanied by an increased amount of administrative and financial burden for the employer, as it is not regulated in the Labour Law. Within one corporation, hotel facilities are registered as separate legal entities and when applying this form of employment with the consent of the employee, the employer is obligated to deregister the employee and register him/her again in the other legal entity, and then after a short period of time, which may be two to three months the most, taking into account the nature of the work, the same employee should again be registered and registered with the first employer.

Additionally to the administrative and financial burden of the legal services hired by the employer, the loss of time devoted to these administrative issues is also significant. In the ICT industry in the Republic of North Macedonia, informal employee sharing does take place, but the application is limited to certain workers who have high professional knowledge in certain areas, allowing the use of services of the employee by other companies with whom the first employer cooperates. The strategic employee sharing is not applied in the country, probably because the market does not create a need for this, although if detailed analysis were to be made for checking the situation and opportunities in a given region, additional information could be obtained, and companies would very easily create an agency that would manage human resources in accordance with their needs. Moreover, we have noted that job sharing as a new form of employment can be applied in certain economic activities and there is a high likelihood that it be applied informally, because our assessments regarding the knowledge of the participants in the survey on the non-standard forms of employment show that they are not fully informed about their significance and many of them had no prior knowledge about them at all.

Based on the enclosed conclusions from the conducted interviews with representatives of private companies from the agricultural sector and tourism, we can conclude that the application of the new payment model for voucher services (daily coupons) can have positive effects on the reduction of undeclared work and increase of flexibility for quicker hiring of workers in case of unforeseen increase in workload. Employers have remarks that they need a quick way of hiring workers and therefore it is necessary to introduce voucher payment, because when they need to hire a temporary worker, they use the services of temporary employment agencies, but they cannot always respond to their needs because they do not have a sufficient number of workers, especially in the season. The Organisation of Employees of Macedonia (ORM) also advocates for introducing this model for registering of seasonal workers by paying for the contributions through daily vouchers, because, to their opinion, this issue covers around twenty thousand workers, and is applicable in farming, catering and hospitality, tourism, food industry and textile industry. This way, according to the ORM, part of the shadow economy would be eliminated because companies are creating unloyal competition through undeclared workers.<sup>156</sup> Employers believe that they would be protected in case of inspection by the competent institutions because there would be no abuse of workers labour if they were to be paid a daily allowance in cash. The introduction of the voucher as a model of payment for services can positively affect also those who occasionally and on part-time basis perform crafts and other professional services in addition to their main activity where they are employed, because the citizens who use these services, considering the limited payment possibilities, practice are paid in cash, especially for work done in the household (repair of home appliances, painting, gardening, babysitting, etc.).

Concerning the work from home, which in accordance with the legal provisions, it provides for an opportunity for the worker to work from home or from premises of his/her own choice which are outside employer premises, and we can conclude that this type of employment contract in the Law on Labour Relations is not fully and clearly worked out. The lack of clear and precise provisions related to the performance of work outside the employer's premises creates legal uncertainty among employers, because in the case of dispute arising from the employment relation, the legal framework leaves the possibility for different interpretations by the entities involved in this process. Employers in the Republic of North Macedonia are avoiding the use of employment contract with work from home because this creates more dilemmas for them as to whether they fully adhered to the legal provisions, especially due to the danger arising from possible court dispute in which damage compensation would be sought, for which they would be liable, so they are not certain as to what they could or could not agree upon with the worker. Additionally, they say they do not have legal certainty and fear the application of this employment contract because they do not how the inspection authorities would

<sup>156</sup> Portal of the Organisation of Employers of Macedonia (available internet source: <http://orm.org.mk/index.php/mk/component/k2/item/537-rabotodavachite-od-organizacijata-na-rabotodavachi-na-makedonija-promoviraa-nov-model-za-prijavuvanje-na-sezonskite-rabotnici>).

interpret the legal provisions which regulate these issues, especially those pertaining to the office hours, the hours worked, overtime work, night work and work during non-working days. The worker, on the other hand, cannot organise its time independently precisely due to the stated reasons. They lack the freedom to decide on their own to work from home and to designate the resting hours, because this has to be previously announced and the employer has to issue an appropriate order, while legal regulations do not provide for electronic records and preparation of electronic orders. Workers and employers are very often not interested in defining the working time as a manner of payment and obligation for day-to-day work, but feel that they should have the opportunity to link the work assignment and the salary to the scope of work and the speed of delivery. Employer experience has shown us that workers in the ICT industry perceive the ability to work from home as additional privilege that should be enabled to them if, in the course of the week, they decide to work outside the employer premises. Regulated in such a way, the work from home has negative effects on the operation of many industries, especially on the ICT industry. The non-flexibility in the labour relations and the organizing of office hours is an additional problem with the companies, and makes them non-competitive on the market, as they are not able to meet the demands of workers, and are facing shortage of qualified workforce which is moving out, above all in search of a better quality of life and better working conditions abroad.

Crowd employment or employment via online platform is applied in the Republic of North Macedonia, especially by younger workers who prefer this mode of work. And rightfully European trade unions refer to this as hidden employment, because workers in the Republic of North Macedonia who are working this way, are practically invisible to the system of competent institutions and are often registered as unemployed. Part of the people working via online platforms cannot exercise labour rights as employees, because employers who are linked at the global level are not interested in offering them paid contributions, health insurance, paid leave or sick leave, and women working this way are concerned about their lack of opportunity to use pregnancy leave. Health issues of possible injury to these workers means loss of significant income, because they cannot allow stoppage of work and are not certain whether their employment contract with a certain employer would continue if they were to sustain some injury that would limit them in terms of carrying out their tasks. Employment through an online platform does not provide them with a secure working relationship, as they often do not have employment contracts, nor contracts for performing certain services, and could lose their job at any given moment. On the other hand, they work from home, through a laptop computer, which enables these workers a high degree of flexibility in terms of performing work tasks and organizing working hours. They themselves determine working hours, often longer than predicted, but for this they make longer breaks and sometimes have the opportunity to take more days off during the working week. Employers do not impose working hours on them, but commission a ready product which has to be finalised within a set deadline, which according to their experiences, is better for this deadline not to be too much extended. Employment through online platforms limits the socialization of these people in



their community because it happens that they do not have enough free time and accept work assignments with a very a tight deadline, and employers are very often from countries with different time zones, so they are forced to work late in the day. They emphasize that they choose to work in this way because of the freedom and flexibility which they cannot have through standard employment, but the earning is a great motive as well, because they cannot earn that much if their clients are from the Republic of North Macedonia because for their services with clients from abroad they charge several times higher prices. These people do not want to be taxed and do not want to be part of the tax system of the state, because they think the state does not spend taxpayers' funds in a way that suits their needs, meaning that they are not getting anything from the system, neither benefits nor quality health services. At the online platforms, they usually register their own bank accounts, opened in foreign banks, and on daily basis they use a payment card daily for payment of goods and services. They avoid using cash, because domestic banks take a high percentage of commission when withdrawing fees. We can conclude that this form of employment is a hidden employment and the workers in this way are not recorded in the system. They do not contribute to the health and pension insurance system because they pay for life insurance and use private health services. Although their earnings are high, they do not have any benefits arising from standard employment in terms of paid vacation, sick leave, maternity leave, etc. Trade unions in the Republic of North Macedonia can not represent their interests because they are not unionized.

Concerning new forms of employment such as interim management, portfolio work and collaborative employment, their more frequent use was thus established within this research, although theoretical models and their actual meaning and application in European states leads us to conclude that the chances of their informal application on the market is vast. Casual work as a new form of employment within the existing legal regulations is applied through the employment contracts on fixed-term basis on through signing of agreements for seconding of workers through temporary work agencies. The application of new forms of employment and new modes of completion of work tasks are possible through legislative amendments, which will enable conditions for flexible work considering the development of technology and the changing needs of workers for increasing their productivity and work motivation. Recordkeeping of office hours is a problem, because these workers sometimes need longer breaks for holiday, lunch and recreation, and the planned time of half an hour break is too short a time for relaxation. Companies nowadays provide adequate entertainment, recreation and socialising facilities among workers, and it often happens that they interrupt their daily work, only to relax, watch a movie, play Sony PlayStation, and then get back to work. The non-flexibility of working time limits them, and employers agree that effective eight hour working time should be introduced, with half an hour paid break which will not be calculated in the working hours and with additional breaks depending on the needs of the employee which would not be paid, but would have positive effects on the productivity of the worker, especially if he/she is engaged in intellectual work related to creativity and development of software solutions.

Participants in the research conducted by the Centre for Research and Policy Making within this project, as we noticed, have their own perceptions regarding digitization and how it would affect the development of employment relationships in the future. Generally, they consider that this process will not take place in the Republic of North Macedonia with the same dynamics as in the developed countries, but still older workers consider that the period during which they have to adapt their skills in order to be more competitive on the market labour is too short. Digitalization and automation in the economy in the near future can change the way of production control and stock assessment, but certain industries will not be covered. Digitization will help increase worker productivity, and for employers, human resource management will be more efficient and faster because they will have access to a large, global labour market, but this doesn't mean better, because industrial relations and interpersonal relationships will lose their meaning and disappear. Trade unions believe that workers are facing a serious challenge ahead, considering that technological development has prompted workers to manage their own employment, and in parallel to this they lose the traditional form of employment relation, and considering that now, and in the future they will be required to be permanently available pending the needs of the employer, they will not have the right to annual leave, sick leave, health and social insurance, that is all the benefits that the workers in the past they decades enjoyed as acquired rights through their labour. People working in the new forms of employment believe that the ICT industry will continue to develop in the coming decades and will be a leading industry on a global scale, but are aware that this development poses a threat even to their jobs, because a process has already begun under which certain tasks will be tested and controlled systematically, without using the workers' labour.

Employers believe that the concept of office as a physical space will increasingly change in the future, e.g. where the worker comes and works or physically attends a meeting. Technological progress is expected to replace these physical spaces with virtual offices, because this is more convenient especially if business partners or workers are not from the same city or state and through the creation of virtual space they will have the opportunity to interact and communicate with each other. Additionally, in the future, companies will increasingly open business premises that will be a common working space (co-working space) where workers can reserve their own desk and come to work when they want in the employer's premises, with their own laptop or with devices provided in the business premise. The ICT industry creates and destroys jobs because it replaces human labour with machines, that is, the human intellectual effort is changing through the Industry 4.0, the Internet of Things, artificial Intelligence, etc.

The Republic of North Macedonia is partly affected by the digitization wave. Adjustment of citizens to technological changes can be a longer process, but with proper education and change of habits, services can be easily digitized. The use of software solutions replaces the standard services that in the past were provided exclusively by companies. The hotel and private accommodation booking sites (booking.com, airbnb.com) have reduced the workload of travel agencies to the

extent that this business will need to be transformed in the future or will face a drastic reduction in work, or even possible extinction. Furthermore, the classic form of bank teller work slowly decreases even in the Republic of North Macedonia, as certain banks have already begun to fully apply e-banking in accordance with technological capabilities and clients are using their digital services without control of the workers. Information on multiple expert knowledge is expected to be available online (consulting, legal and financial services), whereby people would be able to get informed and receive these services in a more efficient and cheaper manner. Although the country is still not under threat of full digitization, because that is a longer process for less developed countries, there is a possibility for its promotion that will bring many benefits for the citizens. For instance, most of the personal documents issued in the Republic of North Macedonia (and other types of documents) are issued on the spot, on premises of the authorised institutions, while the same thing can be done within matter of minutes by using the personal or portable computer during office hours or from home, which helps the employed citizen save time which otherwise, he/she would have spent physically travelling to the authorised institution using his/her break time in order to renew or issue a certain document, although according to our interlocutors, some institutions are quite advanced in that respect and work on development of digital systems. The ICT industry in the Republic of North Macedonia has the potential to develop, because it has a quality staff that constantly upgrades its knowledge and is competitive on the labour market. Companies are working on projects with proven international companies precisely on software solutions development, that support the processes of digitization and automation development. The country has significant potential for digitalising certain services that would allow saving time and economic benefits for the citizens, having in mind that for all citizens today and in the future, time will be of the greatest value, and digitalisation will facilitate these processes and will save a lot of time.

## 10.

## Recommendations

The new forms of employment emerging in the European Union countries are a response to the need for increased flexibility in employment and coping with the economic challenges in the wake of the economic crisis. Part of the new forms of employment are incentivised by the ability to employ in a flexible way, while others are driven by the need for employment, even in a precarious work, with fewer benefits. The analysis of the new forms of employment, which can be one theoretical model to which the Macedonian labour market should be adjusted in terms of defined forms, are characterised by lack of a specific legal framework or collective agreements that would be implemented in practice. This indicates that the specified forms are not strategically planned for development of the labour market, but are practiced informally. An exception to this is casual work and voucher-based work, the application of which requires specific legal provisions, and these forms appear as a way to avoid abuse of worker's labour, that is, to avoid the undeclared work.<sup>157</sup>

As we have already mentioned, the new forms of employment have a positive effect in terms of reducing unemployment by encouraging a greater number of people capable of working to join the labour market, providing work for people who cannot travel to work on daily basis to the workplace, prepares young people to enter the labour market as workers and gain first experiences, and older workers to exit the labour market with the opportunity to transfer their knowledge and experiences to younger colleagues. However, the new forms of employment bring about number of unwanted and negative consequences for the employees, reducing job security and coverage of the health, pension and social insurance. Therefore we feel that all flexible measures that would have positive effects concerning the issues indicated above should enable maximum social and health protection to workers. Employee sharing, job sharing, interim management, casual work, voucher-based work, are employment forms found in traditional industries, while ICT-based mobile work, portfolio work, platforms work, umbrella organization and co-working, refer more to the creative industries, such as the ICT industry and workers engaged under such forms of work are very often highly qualified, while workers engaged under the other forms of employment have a lower level of skills and qualifications. Casual work, ICT-mobile based work, crowd employment (platform work) and co-working are characterised by a high percent of young workers while senior workers, considering the nature of work which seeks more work experience, are increasingly hired via interim management, portfolio work and umbrella organizations. With the exception of casual work, voucher-based

<sup>157</sup> Eurofound (2018), Overview of new forms of employment – 2018 update, Publications Office of the European Union, Luxembourg, page 18

work and platform work, we may assume that the new forms of employment are the main or exclusive source of income for workers.<sup>158</sup>

Regarding the new forms of employment very often a question is raised during public debates as to whether public policy is needed for their full regulation, albeit an initiative of the governments or the social partners. For certain new forms of employment, there is probably no need for specific initiatives, since they can be regulated by existing legal regulations, with increased flexibility in their application. Their arrangement may be useful for introducing favourable conditions that would defy ill practices that could worsen the working conditions or the development of the labour market. On the other hand, the new forms of employment that might have positive effects on working conditions and the labour market are not widely used or prevalent in European countries, primarily because of their recent appearance. The new forms of employment such as employee sharing, interim management or job sharing could be a favourable alternative to the other forms of flexible work which have shown to be less favourable to workers and the labour market.

In countries such as the Republic of North Macedonia whose labour market lacks flexibility, the conditions and willingness to support the development and application of new forms of employment are hindered. The reasons for this can be of different character, the Macedonian labour market is not sufficiently developed and, coupled by the low average wages and low standard of citizens, it does not allow for certain forms of employment such as job sharing or casual work which does not offer them the ability to earn a monthly income with their labour that would be sufficient to cover the basic needs for life, especially if we are talking about workers who are supporting their families. On top of the low salary for part-time work, the legal framework does not allow for full use of the new forms of employment, primarily because of the way it protects workers, through strict and often inflexible and impractical solutions which create problems with the application of a work model which very often workers themselves prefer. Perhaps the culture and spirit in which Macedonian workers were developing has its influence on their reluctance towards precarious employment relationships, stemming from the forms of the socialist economic model and its legal system, leaning more towards standard employment at a defined workplace, with a fixed working time in a company which the employee most often spends the entire working life and acquires secure pension and social and health care, that is, enjoys maximum benefits acquired with labour. The uncertainty of workers stems from the bad economic conditions even after the transition, which still persist today and reflect negatively on the well-being of citizens. There are fewer jobs that provide additional benefits for workers in terms of wages and working conditions, new job openings are limited, and workers face serious difficulties when searching for new jobs in case they terminate their employment, that is, most often it takes a relatively long period of time to find employment again. Salaries paid to fixed-term workers are often lower than those paid to workers on open-ended contracts, and the

<sup>158</sup> Eurofound (2018), Overview of new forms of employment – 2018 update, Publications Office of the European Union, Luxembourg, page 19

reasons we have so far indicated are important for limiting the practice of flexible working relationships with multiple employers and for part-time work, because there is a fear of exploitation of workers labour for low-income and low level of social protection.

The new forms of employment should be designed in a manner that will bring about safety and protection of workers, enabling flexibility which employers need, especially in conditions of relatively bad economy. They need to be defined and regulated in a manner understandable for workers, employers and their representatives but evidently the frequent change of legal framework creates confusion and feeling of uncertainty among target groups. For some employment types (casual work, ICT-mobile based work, job sharing and platform work) findings from surveys conducted in European countries clearly demonstrate a need for protection of workers, through legislation or collective agreements. Sometimes in practice this results in a situation where workers aren't protected enough or are protected in a manner that makes employment forms almost inapplicable for employees, leading to their non-implementation or practise of undeclared work. It is still a problem to find true balance, however, related research carried out enable exchange of experiences at the international level and implementation of good practices from certain countries.

The Macedonian legal framework has to consider certain flexible solutions that will enable better working conditions, new employments and increased economic development and growth, which shall enable improved mechanisms for tracing and controlling their implementation with the end goal of preventing misuse of workers' labour.

The Republic of North Macedonia, in cooperation with the social partners and the non-governmental sector, needs to work on creating conditions for development of many measures and programs that will enable further development of the labour market, and increasing employment and economic development of the industry as a whole. Representatives of the companies that we had the opportunity to discuss with, through the conducted interviews, addressed concrete remarks to some legal provisions that create certain limitations to their work, and very often are to the detriment of workers themselves. Representatives of trade unions remain to be the most important safeguards of workers in the Republic of North Macedonia, and according to them, flexibility without security will not bring about any positive changes. Below we indicate several specific recommendations drawn as conclusions by Centre for Research and Policy Making.

- The Government of the Republic of North Macedonia, in cooperation with line ministries and institutions, the social partners and the non-governmental sector, should work on developing a program that will enable lifelong learning for workers, that is, a program that would be used for additional education and retraining of workers in accordance with their talent and skills, in accordance with to the needs of the labour market. This, in the long run, shall contribute to reducing unemployment and development of professional workforce that will respond to the



challenges of digitalisation and automation.

- Uplifting the quality of vocational high schools and subsidising the employment of persons qualified in certain professions, as a form of helping the employer that will help the worker gain more experience and will increase possibilities of employment in the selected vocation. Increased quality of vocational schools and universities should be in parallel to the dual education, which, in addition to theoretical education programs, shall enable practical education contents for employers in the relevant sector in a manner that helps development of qualified workforce and strengthening of the industry sector, because development of industry enables growth of economy and higher wages for workers.
- The number, types and departments for enrolment of students in high schools and universities should be in harmony with the needs of the economy, upon prior consultation with the economic chambers, trade unions and employers.
- Preparation of long-term strategy for development of the ICT industry which entails measures for development of informal education and support to persons wishing to acquire knowledge that would enable them employment in companies in this sector.
- Introducing provisions for flexible employment and flexible working hours. Workers should be given the freedom to organise their working time, in case they do not work on premises the employer. Extending the break time of half an hour, with additional break time, that will not be calculated into the eight-hour work time, will enable longer resting time for the worker.
- In the Republic of North Macedonia, a large number of citizens have their bank accounts blocked for various reasons. These workers cannot be formally employed because they are not informed about the benefits of employment and the upper limit of funds which are automatically withdrawn from the account in order to settle outstanding debts due to which the account is blocked. Adequate analysis is needed about the causes and consequences related to this problem, because in the long run, these citizens, who are often older, will not have any access to certain benefits from the social and health system.
- Employee sharing – legal persons within joint capital (one corporation) to be allowed easier sharing of workers depending on human resource needs, with the worker's consent, because they are facing high risk of administrative burden during constant registering and deregistering of workers, thereby creating uncertainty among workers as to whether he/she will keep the job at the legal person where he/she was originally employed.
- It is necessary to promote and precisely regulate provisions of the Law on Labour Relations pertaining to work from home, in accordance with the needs imposed by the labour market and the technological development.

Introduction of electronic recording of working hours of employees working remotely, with the possibility, through appropriate tools, for the competent services to have record of the number of hours worked by the employee. The recommendation is that work from home as a model covers a different scope of flexibility, according to the needs and based on the agreement between the employee and the employer, that is, the employee to decide whether he will work two days from home, and three days on premises the employer, without exposing both parties to increased administrative burden. Work from home will depend on the employment contract, whereby precise provisions are needed that would not leave room for any unwanted situations arising from legal inconsistencies. Additionally, new forms of work will bring more workers on the labour market, such as people who want to socialise less with colleagues, those having difficulty with commuting all the time or those with health problems due to which they are forced to work from home.

- Establishing a legal mechanism of recording and controlling persons who are working remotely or from home for foreign or domestic entities via online platforms, and who are not entered in the data of the Employment Agency, the Pension and Disability Insurance Fund, the Health Insurance Fund etc. This has to be done in an inclusive way both by the state and by the people who are employed in such a way.
- Introducing the voucher system, i.e. payment with daily coupons, as a new payment model for the service performed according to the theoretical model presented in this study. Hiring workers can be an opportunity for additional income for the socially endangered categories, pensioners, students and workers engaged in handicraft or professional services in the household in their spare time. This is a way to avoid payment in cash, i.e. hiring undeclared workers. According to the findings of the survey, voucher payment can be applied in several economic sectors: tourism, agriculture, construction, manufacturing, production industry and other industries that are facing unpredictable increase of workload, during which they need a quick way of hiring workers. This form will bring additional earnings to already employed people, because in such a way they would be able to do additional work for which they will be registered in the system and will not work undeclared.
- It is important to have a comprehensive campaign for raising the awareness of the relevant stakeholders and the business community but also of the population in their working years about the benefits and shortcomings of the new works of employment in order to ensure their consistent and appropriate implementation.
- Additional training of the labour inspectorate for a proper tracking of the new forms of work and employment.