

## Policy Study no.39

**From shadow to visible seasonal worker in agriculture: reasons, challenges and models for formalization of seasonal labour in agricultural sector**



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## EXECUTIVE SUMMARY

The policy study entitled “From shadow to visible seasonal worker in agriculture: reasons, challenges and models for formalization of seasonal labour in agricultural sector” was created within the project “Increasing employment opportunities for seasonal workers in the region of Southeast Europe”. The project is implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and the National Alliance for Local Economic Development (NALED) of the Republic of Serbia on behalf of Federal Ministry for Economic Development and Cooperation (BMZ), through the Open Regional Fund for Southeast Europe-Modernization services. The Center for Research and Policy Making-Skopje- (CRPM) act as a local partner from the Republic of North Macedonia.

The main goal of the project is to increase employment opportunities in the SEE region, by applying a flexible model for the employment of seasonal and temporary workers. The goals of the research conducted in the Republic of North Macedonia were set in that direction. The purpose of our work is, through the conducted research activities, to examine the possibility of introducing a new model to simplify the procedure for employment/hiring seasonal workers in the sector of agriculture.

A desk research was conducted, which included an analysis of the legal framework, as well as in-depth interviews with employers and representatives of the competent institutions. The research conducted focus groups with individual farmers and representatives of small, family farms. A focus group was also conducted with people doing seasonal work.

Agriculture itself is a subject of research because it is an important economic sector in the country, which directly and indirectly participates in the creation of gross domestic product (GDP). In 2018, agriculture participates with 7, 2% to the total GDP. In addition, the welfare of the population largely depends on the agricultural activities. Furthermore, the research showed that the most seasonal workers work in the agriculture, and only a small number of them are registered. The agriculture is not a competitive activity since the work arrangements are short-lasting and erratic, and the workers on the other side prefer to get permanent and secure job or they move to the European countries. Hence the serious shortage of work force upraises, and the employers are forced to engage all workers who are willing to work. This includes categories of workers who cannot be formally registered, but in essence do seasonal work.

This research served to determine the duration of the seasonal work according to the needs of the employers related to the production of different agricultural crops, the way the employees and employers are connected on the seasonal labour market and we sketched the profile of a seasonal worker in agriculture. This led us to develop an appropriate model, which will suit the needs of the concerned stakeholders.

As part of the research we conducted in-depth analysis of the existing system for seasonal employment in Republic of North Macedonia, in order to identify weaknesses in the procedure for hiring seasonal workers, the various limitations and needs of large employers and companies in relation to small, family farms that hire seasonal workers, etc. Based on the research findings, we found that the informal labour in the sector is mainly related to small employers, while companies have appropriate services that perform the registration procedure of the seasonal workers and have capacity to implement all procedures set out in the legal framework. The system needs to be adjusted for small employers who have limited human and administrative capacity, since workers are hired for short and occasional work engagements that often last for several working days and are repeated several times during the season. The procedure for registration is overwhelming and time-consuming, and to use the electronic system of e-Employment managed by ESARNM requires a digital certificate. The digital certificate is expensive for most agricultural workers (especially for the individual farmers and small employers in agriculture); while the major problem is in the e-Employment system itself which is accessible only for legal entities and not for the individual agricultural workers. On the other side, the workers are not registered in a separate register for seasonal workers. Thus, reduces their opportunity to work during the season. As workers they prefer to be registered, but at the same time they do not wish to lose their financial benefits for a short work engagement of a few days.

Based on the research findings, the good practices of the e-system for simplified hiring of seasonal workers applied in Republic of Serbia, as well as the voucher system used to pay short-term work, we developed appropriate recommendation for reforming the system and introducing a new, flexible model that would make the procedure simple and easy to apply. The policy study presents the following models for dealing informal seasonal work: a model for changing legislation in order to introduce greater flexibility; a model of introduction of electronic system for registration of seasonal workers; a model of introduction of electronic registration system and voucher system for payment of seasonal workers. The study recommends a deeper analysis of the impact and cost of the second model as the most comprehensive, which expands the category of workers who can be formally hired, and overall application of such a system for registration of seasonal work will reduce the volume of undeclared seasonal work as well as greater protection of workers' rights.

## INTRODUCTION

The project “Increasing Employment Opportunities for Seasonal Workers in the SEE Region” is implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of Federal Ministry of Economic Cooperation and Development (BMZ) and the National Alliance for Local Economic Development (NALED) from the Republic of Serbia on behalf of Federal Ministry of Economic Cooperation and Development (BMZ) through Open Regional Fund for Southeast Europe- Modernization of Municipal Services and in cooperation with the Center of Research and Policy Making- Skopje (CRPM) as a local partner from Republic of North Macedonia. This regional project aims to increase employment opportunities in the countries of the region and to develop modern tools for solving the challenges of the labour market, with particular emphasis on exploiting the potential for hiring seasonal workers.

In order to provide information for creating narrowly targeted recommendations, the project conducted a research based on the application of good practices from the countries in the region, in order to adjust the legal framework and provide greater flexibility in accordance with the needs of stakeholders, encouraging the usage of digital tools for administrative unbundling of the beneficiaries, as well as networking of institutions involved in the process, primarily theorists and practitioners in the field.

Based on the experiences and good practices from neighboring countries, as well as the findings of the conducted research on local ground, the project implemented by the team of CRPM/NALED/GIZ GmbH in the Republic of North Macedonia aims to develop appropriate solutions that will enable application of a flexible model for hiring seasonal workers in agriculture through the use of digital tools (software solution). The implementation of the model will simplify the procedure for registration of seasonal workers and will contribute to the formalization of seasonal work in the country, which is in line with the strategic goals described in the Strategy for formalization of the informal economy in the Republic of Macedonia, 2018-2022 (Strategic Objective 3- Stimulating and supporting the formalization of the informal economic activities).<sup>1</sup>

The analysis below is based on the findings and data obtained from the research conducted within the project by the Center for Research and Policy Making. The analysis presents the current state and the set-up of the employment system for seasonal workers, and through the conducted interviews with representatives of the Employment Service Agency of Republic of North Macedonia (ESARNM), a mapping of the employment application procedure was conducted through the electronic system e-Employment, as well as the manner of processing request. Additionally, regarding the system, this analysis identifies the challenges and problems from the seasonal workers and employer’s

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<sup>1</sup> Strategy for formalization of the informal economy in Republic of Macedonia 2018-2022, Ministry of Labour and Social Policy, Skopje 2018



perspective, but also indicates the possible solutions for the matter that will be in accordance with the needs of stakeholders. The expectations of the research team are that this research will provide a significant ground for tracing the basic guidelines for initiating system reform, through detailed elaboration, including a model for existing public policy, development of technical specifications for application of appropriate software solutions, as well as cost estimation.

# 1. Methodology

The project “Increasing the employment opportunities of seasonal workers from the SEE region” started in January 2020 and according to the time frame its project activities are scheduled to end in October. The local partners aimed to reflect the multidimensional approach and complexity of issues related to formalization of the undeclared seasonal work in the relevant economic sector in each of the countries. In creating the research activities and tools, special attention was paid to the sustainability, gender equality issues, as well as, the rights of the underrepresented communities, as women and minority communities often do undeclared seasonal work.

The research methodology was developed in collaboration with the project partners. This research includes qualitative methods for data collection and processing. In order to better assess the situation in relation to the above issues, we used primary data sources, as access to relevant previous research and analysis was extremely limited. Therefore, most of our analysis and conclusions are based on findings from the research activities within the project. During the preparation of this document, statistical data from State Statistical Office (SSO) and (ESARNM) were used.

## 1.1. Approach

The methodological approach to the work of CRPM is phased. The following three phases have been implemented so far:



### Phase 1: Development of methods, approach and research tools

In this phase the research team worked on developing a local approach to project implementation, developing the following research tools: Questionnaire for interviewing the employers, A Guide for conducting focus groups with representatives of small (family) farms, as well as Guide for conducting focus groups with persons performing seasonal work in agricultural sector (seasonal workers).

### Phase 2: Data collection

In the second phase, the research team worked on collecting data in accordance with the research questions and by applying the developed research tools and relevant research methods (interviews

and focus groups- discussions). A technical report was prepared containing the initial findings obtained from the research, and it was followed by the development of this document. Due to the differences in legal, administrative and financial constraints faced by small employers (individual farmers, family farms) compared to large employers (including companies), the research team took a different approach. The research team used different approach because of the dissimilarities related to the legal, administrative and financial limitations which the small employers (individual agricultural workers, agricultural family holdings) are facing on the contrary of the larger employers (including companies). Namely, within the research, 12 semi- structured in-depth interviews were conducted with the representatives of companies and mostly large employers in the agricultural sector, in order to examine their views and attitudes regarding the research questions. Interviews were conducted with representatives of companies or large manufacturers from:

- 1) Tobacco industry – 3 companies that grow, buy and process tobacco;
- 2) Wine industry – 3 companies that have their own vineyards, buy grapes, produce and export wines;
- 3) Registered farmers – 5 (farmers, gardeners and fruit growers who carry out large-scale production, perform several production operations and export of agricultural crops); and
- 4) Representative from a private employment agency – 1.

In-depth interviews were also conducted with representatives of the competent institutions. This method enabled us to obtain relevant information about the situation and the need to introduce reforms, ways to formalize the undeclared work, which is currently being undertaken by the institutions, etc. Interviews were conducted with representatives of the following institutions: (ESARNM), State Labour Inspectorate (SLI) and Ministry of Labour and Social Policy (MLSP).

To implement the focus groups CRPM has established partnership and cooperation with the National Farmers' Federation (NFF) which unites the work of farmers, family farms, agricultural associations, and agricultural cooperatives with a special focus on youth and women. Focus groups were also conducted in cooperation with Rural Coalition, an organization that brings together farmers and family farms. Supported by them we organized four discussion sessions with individual farmers and representatives of family farms that hire seasonal workers during the season four planning regions were covered, and the responders were manufacturers of different agricultural crops. These discussion sessions served for examination of problems and limitations they are facing as employers, applicability and alignment of the system for season workers arrangements, which category of workers will they hire to perform the seasonal work, as well as the need to introduce a new model for easier registration of seasonal workers. On average, 10 farmers participated in each focus group. The focus groups were conducted in the following planning regions:

- 1) Vardar region – fruit growers, gardeners, grape farmers;
- 2) Southeast region – grape farmers and gardeners;
- 3) Polog region – agricultural workers, gardeners, farmers; and
- 4) Pelagonia region – tobacco manufacturers, gardeners.

Furthermore, we conducted a discussion session with seasonal workers, in order to examine the views and perspectives of the seasonal workers regarding their needs as workers (legal protection, health insurance, etc.), the problems they face when establishing employment, as well as the limitations and weaknesses of the legal framework and the system for engaging seasonal workers. Their perspectives related to the essence to introduce a new model for hiring seasonal workers, were further examined. Eight agricultural seasonal workers from the Southeast region took part in the discussion.

Also, a desk research was conducted, during which several laws relevant to the area were analyzed, in order to determine the weakness of the system, as well as in which direction the reforms should be made. The research team analyzed the Labour Law, the Law on Private Employment Agencies, the Law on Compulsory Social Insurance Contributions, the Law on Social Protection, the Law on Agricultural Activities, as well as the Law on Employment and Work of Foreigners. Additionally, the Law on Simplified Work Engagement on Seasonal Jobs in Certain Activities was reviewed, as a legal act that enables the application of a new and flexible model for engaging seasonal workers in the Republic of Serbia, as a good legal practice in this region. Also, the application of new payroll models for seasonal workers applied in the countries of the region and in the European Union was also explored.

### Phase 3: Data analysis

In this phase of the project, the team worked on data analysis. The analysis included data triangulation in the legal framework, analysis of the range of seasonal work in the agricultural sector and analysis of the general conditions and perspectives. At the same time a comparative analysis with Serbia which has recently reformed the system for registration and taxation of the seasonal labour was made.

In this phase a monitoring of the procedure for registration of the workers was made, and certain data was obtained on the problems and needs the workers and employers face with and an identification of the possible solutions for overcoming the challenges in line with the need of both target groups was made.

### Phase 4: Procedure for verification of the draft version of the analysis

In order to determine the character of the seasonal work better, and to give an answer to certain questions that emerged from the research findings a procedure for verification of the work was conducted. An appropriately designed questionnaire was submitted to five farmers (mostly fruit growers and gardeners) and one tobacco company whose answers completed the analysis.

Additionally, within this phase, a meeting was held with representatives from ESARNM to discuss the electronic procedure and the functioning of the e-Employment system and the way of processing the application for registration of employment. The representatives of the NFF contributed with their own suggestions related to the completed work, three farmers who engage seasonal workers and an expert in the field of finance and accounting.

## 2. Why is agriculture the subject of research?

The purpose of our work is to identify the problems in the procedure for employment of seasonal workers to examine the need for reform of the system by adapting it or by introducing a new model that will simplify the procedure for employment/hiring of seasonal workers in the agricultural sector. The decision to research the situation in this important economic sector for the country was made based on the findings of the desk research which shows us that agriculture is one of the most important economic sectors in the country.

The seasonal work that is widely used form of employment in this sector remains informal, and that issues problems for employers/ manufacturers, but also for the institutions that need to implement good management practices and provide conditions for competition. Namely, the agricultural sector engages mainly workers who are constantly in shortage because of the more competitive opportunities for the same type of work in the European Union member countries, where they move and leave the domestic Macedonian employers without suitable work force.

### 2.1. The agriculture is the third largest economic sector

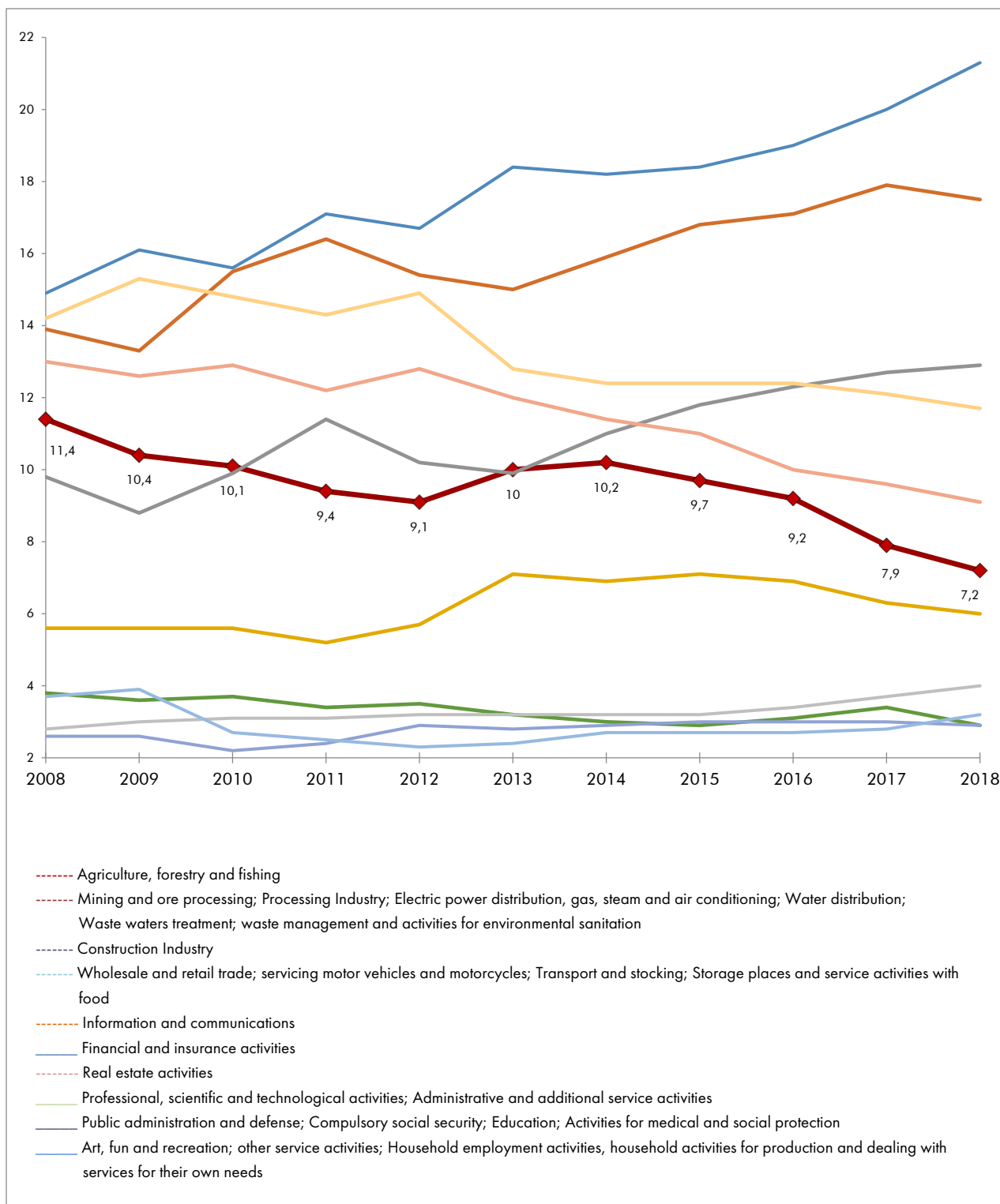
The income and the welfare of the significant part of the population in the country depends on the agriculture, and this sector within each national economy directly and indirectly participates in the creation of gross domestic product (GDP). In the Republic of N. Macedonia, agriculture is one of the most important economic sectors in terms of share in the country's GDP. Namely, in 2018, agriculture participates with 7,2 % to the total GDP , immediately after the services and industry sectors,<sup>2</sup> and calculated together with the processing industry, this percentage is significantly higher.

However, , it can be seen from the graph below, that there is a declining trend in the share of agriculture in the country's gross domestic product. Namely, in the 10- year period from 2008 to 2018, the decline is by 4.2 percentage points. The sectors that are growing are trade and processing industry, mining and ore processing, electricity generation and waste management. This is due to the restructuring of the economy that occurred through the opening of processing facilities in the Technological Industrial Development Zones (TIDZ) or so-called Free Zones.

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<sup>2</sup> State Statistical Office, GDP according to the production method

Graph 1: Shares of sectors in the country's GDP

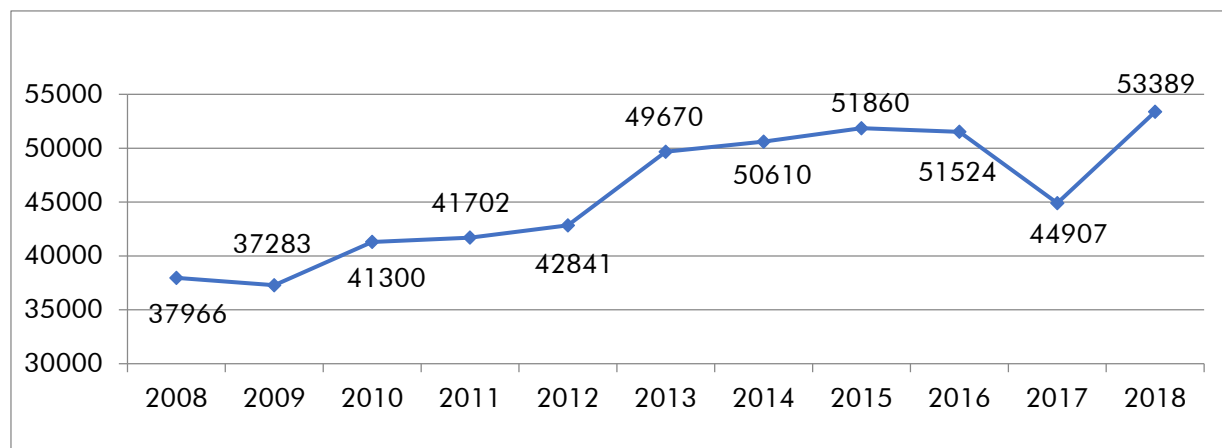


Source: SSO, 2020

Although there is a declining trend in the share of agriculture in the country's GDP, for the same period, gross value added in agriculture is on the rise. According to the State Statistical Office, gross value added in the agriculture in the period from 2008 - 2018 increased by 40.6% (see graph below). During this period, there is an increase in the value and quantity of production, which indicates that

despite the low competitiveness, the volume of production and productivity of agriculture has increased.

*Graph 2: Gross value added in agriculture*



Source: SSO, Economic calculations in agriculture, 2020

It is considered that the real share of agriculture is higher, since citizens in rural areas gain additional income by cultivating their own agricultural land as a personal source of livelihood, but also by selling surplus agricultural products on green markets outside the system records.

## 2.2. Most seasonal workers work in agriculture

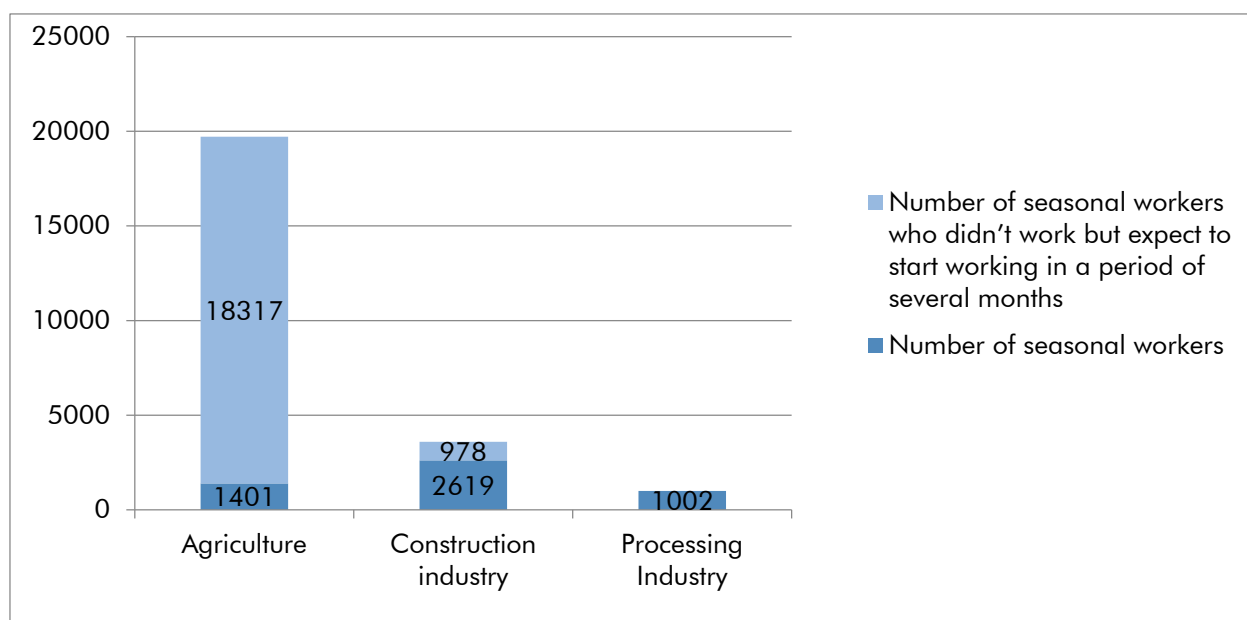
The seasonal work is a form of temporary work that depends on the change of seasons. Hence, some economic sectors are completely dependent on seasonal workers, their availability, but also on the legal and institutional framework that governs the scope of their work.

The country's agricultural workforce consists of labour engaged at the level of individual agricultural holding where one person is registered farmer, while the rest are unpaid family workers, and employment is largely seasonal and helps alleviate poverty and unemployment.<sup>3</sup> Seasonal work arrangements are for limited periods of increased work, including activities such as: plowing, sowing, irrigation, grafting, pruning, digging, harvesting, and fruit picking, selection, packaging, etc. Seasonal work for workers is a choice made to acquire basic means of subsistence.

From the data of the State Statistical Office processed in the Labour Force Survey (hereinafter LFS) we have note that in the agricultural sector, compared to the other sectors of activities, the most workers either work or expect to start working again in the coming months. Thus, in 2018 the number of seasonal workers who expect to start working again in the following months in agriculture is 18.317, while in the construction sector 978.

<sup>3</sup> Annual Agricultural Report for 2017, Ministry of Agriculture, Forestry and Water Economy of Macedonia, page 35 (available online source: <http://www.mzsv.gov.mk/cms/Upload/docs/GZI-2017.pdf>)

*Graph 3: Seasonal workers in agriculture, construction and processing industry in 2018*



Source: SSO, 2019

If we analyze the number of employed by quarters, we will notice the seasonal character of agriculture. According to the SSO data published for each quarter in 2019, in the second and third quarters there is an increase in the total number of employed people. This is the period from April to September, when most of the seasonal activities are performed for the production of most agricultural crops, which require more workers.

*Table 1: Employees in agriculture in 2019, quarterly*

	T-1	T-2	T-3	T-4
Total	110,590	113,318	116,160	104,064
Employed	14,639	16,986	18,554	17,564
Self-employed person	53,600	56,453	56,163	51,462
Unpaid family worker	41,213	38,168	40,317	34,213
Employer	:	1,711	:	:

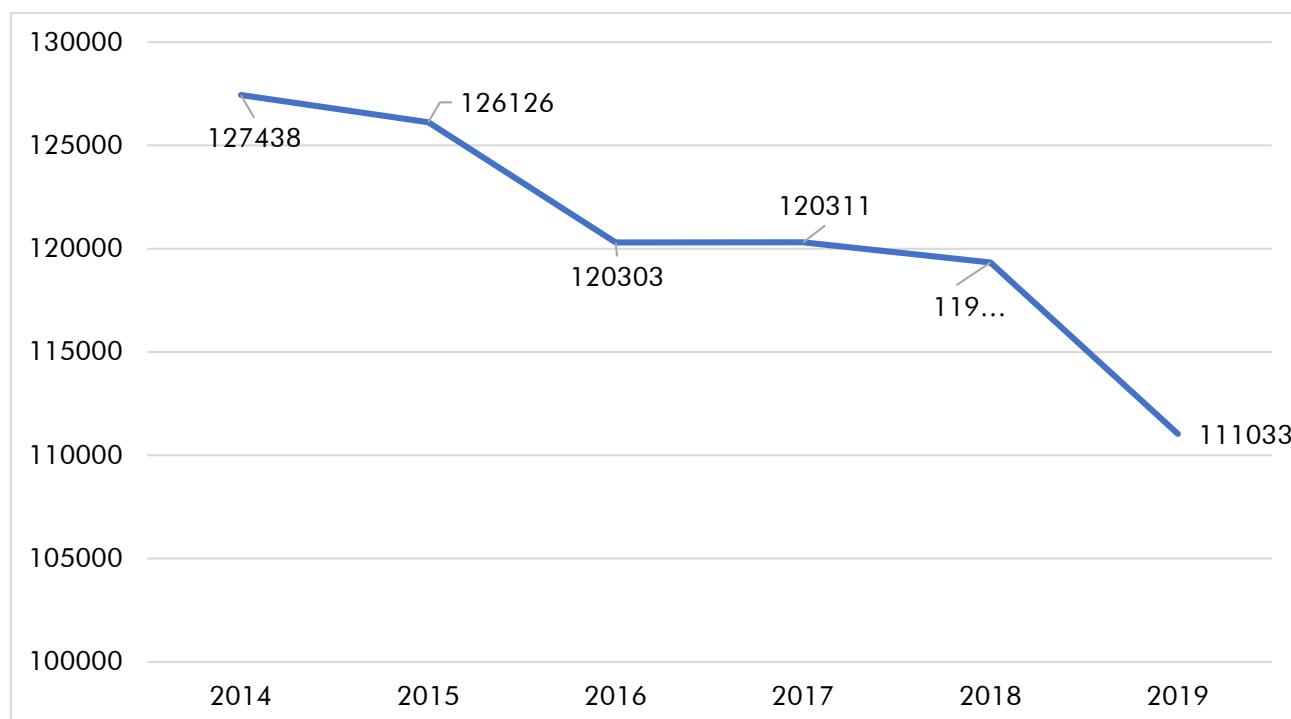
Source: SSO (MAKStat – basis), 2020

From the data presented in Table 1, we can notice that in the third quarter of 2019, compared to the first quarter, the total number of employees in the agricultural sector increased by 5.570 workers. First of all this is due to the increased number of persons belonging to the category/economic status of employees, i.e. their number has increased by 3.915 workers. Additionally, the seasonal character of this activity is pointed out by another indicator shown in the table above. Namely, if analyze the data for the fourth quarter, which covers the period from October and lasts to December, we will notice that the decrease in the intensity of work in agriculture in this period of the year is reflected in the number of employees, with a decrease of slightly more than 10% or 12.096 workers (compared to the third quarter).



However, it is worth noting that the total number of employed people in the agricultural sector from 2014 onwards has been steadily declining. Here, the self-employed farmers, or unpaid family workers who perform their activities on the farmland owned by a household member are included. Namely, in 2014, 127.438 people were employed in the agricultural sector, and in 2019, 111.033 people, which is a decrease of total number of employees by almost 13%.

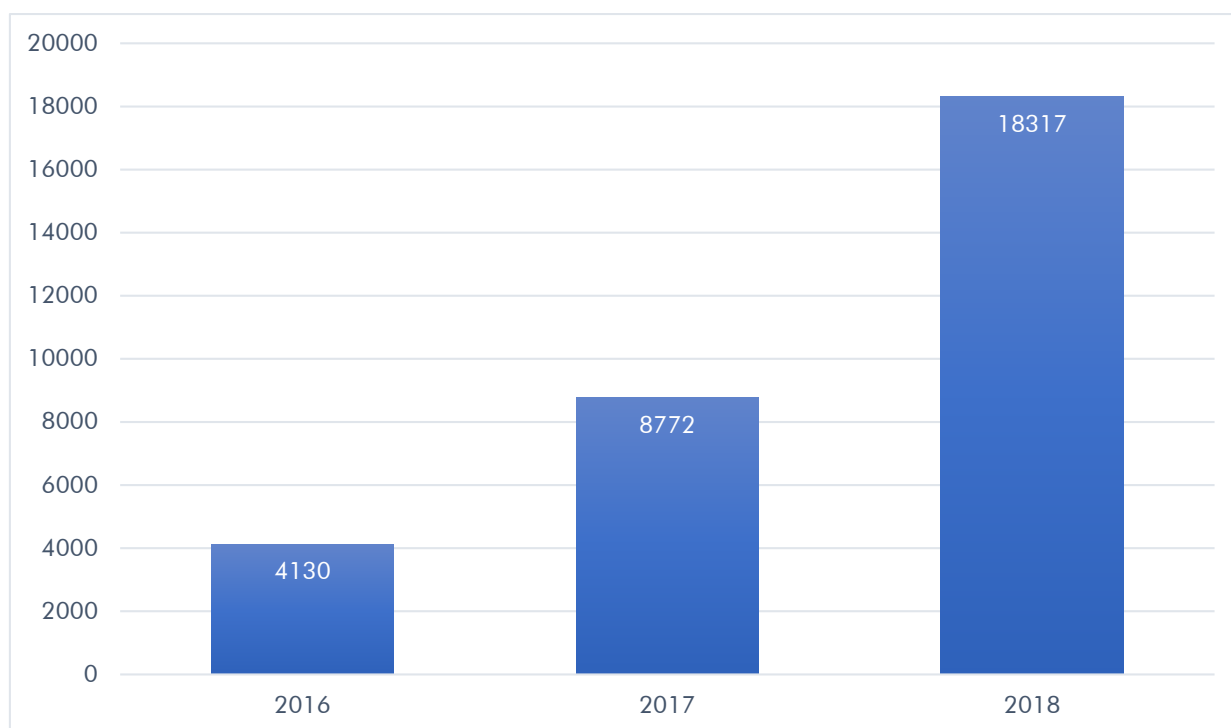
*Graph 4: Number of employees in the sector of agriculture, forestry and fishing*



Source: SSO, 2020

We note that although the number of employees in the agricultural sector is constantly declining, a significant number of seasonal workers are still actively working in this sector, whose number is estimated to be increasing. In 2016, 4130 seasonal workers stated that they expect to start working in a period of several months, while in 2018 the number is greatly increased, i.e. 18.317 seasonal workers expected to start working in the agricultural sector.

*Graph 5: Seasonal workers in agriculture who did not work during the previous week, but expect to start working in a period of several months*



Source: SSO, 2019

### 2.3. Most seasonal agricultural workers are undeclared workers

Seasonal work in agriculture is mainly done within the informal economy. The country does not keep records for these workers because they are not registered and they do not enjoy the rights that are related to registered and reported workers. Undeclared work is manifested by not signing an employment contract with the employee and not paying the contributions for compulsory social insurance contributions and it can also be manifested by signing a contract with hidden clauses (cash-in-hand or additional temporary service contract) which provide avoidance of paying social contributions that are in accordance with the real (undeclared) remuneration.<sup>4</sup>

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<sup>4</sup> CRPM (2014) Hit and Miss - The Dynamics of Undeclared Labor in Macedonia (available online source: [http://www.crpm.org.mk/wp-content/uploads/2017/12/PolicyBrief31\\_ENG.pdf](http://www.crpm.org.mk/wp-content/uploads/2017/12/PolicyBrief31_ENG.pdf))

According to Novkovska, in the Republic of North Macedonia, the informal work in the agricultural sector serving as source of undeclared labour is immense and covers between 86.1% and 82.4% of the total agricultural work in the period between 2008 and 2012.<sup>5</sup> The undeclared work is not registered with the competent authorities due to the compulsory taxation, payment of the social contributions and related provisions of the labour regulations.<sup>6</sup> Thus, in addition to undeclared work affecting the rule of law, it seriously jeopardizes the well-being of workers in the sector, the delivery of public services and the exercise of rights financed through public duties, which are related to the reported work.

With the improvement of the social financial assistance and the amendments to the Law on Social Protection and the Law on Child Protection, a minimal guaranteed income was introduced. This provided an income of 10.600 denars for the citizens from vulnerable categories per month and a right for using child, education and energy allowance.<sup>7</sup> The new amendments of the legal framework

eliminate the previous provisions that abolished social welfare for the individuals who will have an income on the basis of paid work.<sup>8</sup> This eliminates the weakness for formalizing the labour of social assistance recipients who are engaged as seasonal workers

*„There are no workers, we operate with serious restrictions. All of the qualified workers left. I have trained around 1000 workers here, I have paid their training. Everyone has gone to companies in industrial zones or abroad “.*

*Orchardist from Gradsko*

## 2.4. There is a shortage of (seasonal) labour in agriculture

Employers in the agricultural sector face serious labour shortages. The seasonal work is insecure and does not motivate young workers to be employed in this sector. They go to work in the European Union countries, and skilled young jobseekers decide to work in agriculture as seasonal workers only when necessary. Alongside with the qualified workforce, there is a shortage of workers without certain skills. As a result, employers are forced to engage all the workers who are willing to work.

Agriculture is not a competitive activity.. The workers prefer to work in other sectors of the business, due to better working conditions and higher wages. In the last decade there is a trend of redirecting

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<sup>5</sup> Novkovska, B (2013) Defining and Measuring Non-standard and Informal Employment in the Agricultural Sector (material presented at the Sixth International Conference on Agricultural Statistics) and Novkovska, B. (2008) Measuring Non-standard and Informal Employment in the Republic of Macedonia (material presented at the workshop Measuring informal employment in developed countries WIEGO, Kennedy School of Government, Harvard University, 31 October – 1 November 2008).

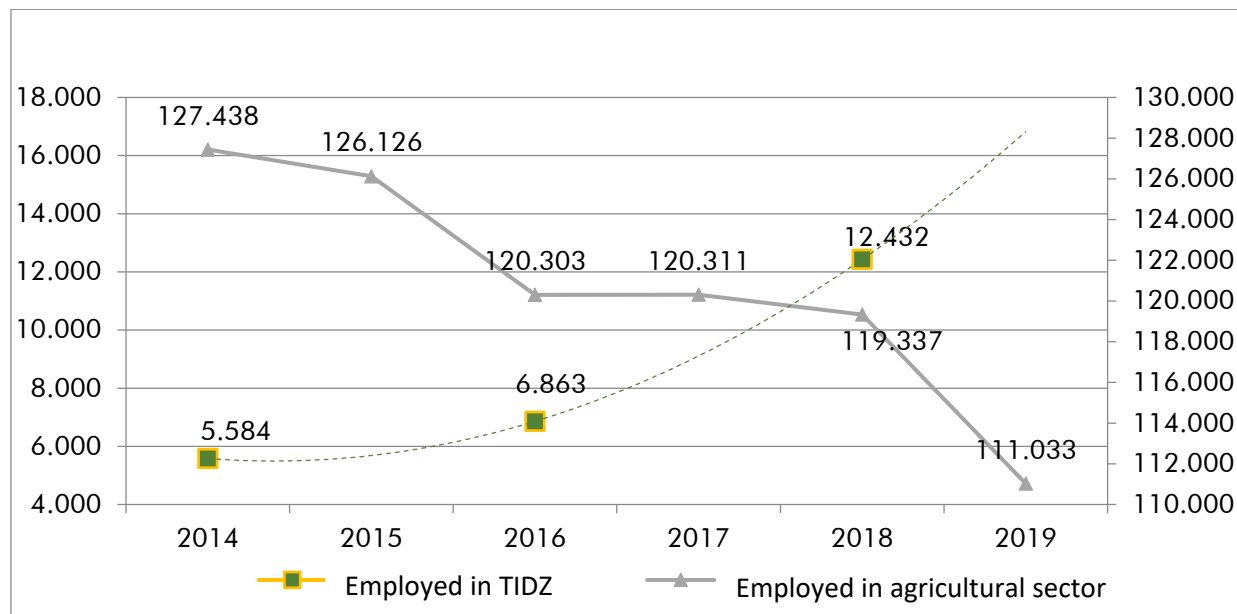
<sup>6</sup> Eurofound (2008) Dealing with unreported work in the 27 European Union members states and Norway

<sup>7</sup> Portal Faktor, 28.05.2019: Interview with Carovska: We have created social reform for a country without poor children (available online source: <https://faktor.mk/intervju-so-carovska-kreiravme-socijalna-reforma-za-drzava-bez-siromashni-deca>)

<sup>8</sup> Mirjanka Aleksovska, Head of labour sector , Ministry of Labour and Social Policy

the workforce towards industry (especially to companies from TIDZ) and that is why there is a need to introduce a flexible model that will provide expansion of the category of workers that can formally be engaged for seasonal work.

*Graph 6: Employees in agricultural sector and TIDZ in 2014-2018/9*



Source: SSO and <http://investicii.prizma.mk/mk/rezultati/>, 2020

TIDZ companies are located in regions that used to be agricultural and already employed the most of the skilled and qualified workers, who previously performed seasonal work in agriculture. These companies are also using the benefits from contributions relief, and at the same time they can offer higher wages.

Unlike work in agriculture, in industry, in addition to regular and higher wages, work is safer.<sup>9</sup> In addition young workers are leaving for European Union countries.<sup>10</sup> Their working posts in the rest of the sectors are filled by older workers who are skilled and have experience to perform solidly all production operations in agriculture, but due to the difficulty of work, they choose to work an "easier" work (in supermarkets or other service facilities), for lower incomes.

*„ Adult women, which means that we refer to women at the age of 50-55 who were not engaged by anyone, now work at the supermarkets, because young people left and moved to Germany. There is a lack of salesmen and now the older people are in the shops, and those are trained staff, skilled for packaging, picking stuff, hardworking and honest. Here, youngsters who went crazy in the city last night come to work in the morning and are not serious at all.“*

*Gardener from Veles*

<sup>9</sup> Interview with employer 4 (tobacco industry). Conducted on 27.02.2020.

<sup>10</sup> Interview with employer 6 (tobacco industry). Conducted on 28.02.2020.

Large employers face similar problems of seasonal labour shortages as small employers. The seasonal work, even in large companies, is not attractive enough for younger workers. Younger workers in the tobacco industry are engaged in purchase points, only because the job is in the residence area of the worker, i.e. near the place of purchase.<sup>11</sup> Due to the limited offer on the labour market, companies are in search of a way to attract the workers, so even though they are temporary engaged they receive bonuses, days off, and if they are engaged on more than 6 months they get the right to annual leave.<sup>12</sup>

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<sup>11</sup> Interview with employer 4 (tobacco industry). Conducted on 27.02.2020

<sup>12</sup> Conclusion from an interview with employer5 (tobacco industry). Conducted on 27.02.2020

### 3. Who is a seasonal worker in agriculture?

It is very difficult to create a profile of a person who performs seasonal work in the agricultural sector because this job is done by people who need additional income. And that can be anyone, including those who work as seasonal workers just to cover the cost of living. Some are employed, others are social beneficiaries, some are long-term unemployed, and at the same time unemployed skilled job seekers do not accept seasonal engagement in the agricultural sector because it is a labor-intensive work.

Thus it can be concluded that for the production of different agricultural crops, a different category of seasonal worker is engaged, regardless of their qualification or status.

Men and women are almost equally represented as seasonal workers, where the working tasks are divided on the ground of the level of difficulty, i.e. the hard physical work is done exclusively by men, and the work that is physically easier to women.

Regarding the amount of daily wage and salary, there is no difference and we can conclude that the labor of women and men in the agricultural sector is equally valued. The only difference, which we made notice of, is the length of the working arrangement. Namely, due to the responsibilities in the home, women can be engaged few hours less than men and this is where the gender difference is made.

*"Sometimes we cannot find them during the season and they blackmail us with the height of the wage."*

*Farmers from Tetovo*

*"We do not have much choice with the payment of the workers, the more they ask, the more we agree. The word spreads who pays how much!"*

*Farmers from Gradsko- Veles*

In the areas where free zones have opened up and where the foreign investors started production of goods by employing the entire available qualified and underqualified labor force, there is recruitment of seasonal workers from groups that were not previously hired. Foreign seasonal workers (mostly from the Republic of Albania) have been less represented in recent years, as they go to work in European Union countries. Additionally, the situation with

the domestic workforce has changed as well. Namely, until recently, the seasonal work was performed by workers from the eastern part of the Republic of North Macedonia, but they more often decide to seek for better conditions in other sectors or abroad. So, the employers in the focus group discussions will say: "The average worker is a high school student, redundant worker or pensioner. There is no one who is unemployed and is looking for a job, so this engagement is an additional

one.”<sup>13</sup> In certain regions, socially vulnerable categories of citizens (mostly from the Roma community) perform the seasonal work.<sup>14</sup>

Based on the findings of interviews and focus group discussions, we can conclude that people who do seasonal work in agriculture have the following characteristics.

#### Characteristics of people who perform seasonal work in agricultural sector

- Elderly people and pensioners at the age of 40-45 to over 65.
- Long-term unemployed
- Persons with low level of expertise for performing specific operations in agricultural sector (pruning, tying, threading, machine operating etc.)
- Poorly educated ( or without completed primary education)
- In some regions mostly socially vulnerable categories (roma population, often without documents for personal identification)
- Employees (in public or private sector) who use their annual leave for performing seasonal work
- Less present are high school and college students

### 3.1. How long is the season in agriculture?

The duration of the season depends on the agricultural crop that is produced. On average, intensive work for most crops (grains, fruits and plants) takes place over a period of 6 months (180 days). Some of these crops require more labor for more than six months, but these tasks are less intensive and probably performed within the household. Individual farmers and small agricultural holdings mostly hire workers for seasonal work of temporary and occasional character, i.e. for relatively short work tasks that are performed once a year or repeated up to several times. The duration of the working arrangement usually depends on the amount of workload, the size of the land as well as the expertise of the employee.

Most seasonal fruit harvesters are hired for a period of 30 to 40 days, where multiple repetitive operations are taking place in the fruit growing process. In some orchards, immediately after harvesting (apples) the procedure for pruning the seedlings begins with seasonal workers being hired for a period of 90 days (three months). In the field crops seasonal workers are engaged for irrigating or general physical work in this period of time.

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<sup>13</sup> Statement agreed with the participants from the focus group conducted with employers from the Vardar region (fruit growers, gardeners and winegrowers). Conducted on 24.02.2020

<sup>14</sup> Conclusion from a focus group conducted with employers from the Pelagonia region (tobacco manufacturers and gardeners). Conducted on 06.03.2020

In order to protect the fruits; a spraying procedure is carried out, which is a work task that is repeated more than 15 times during the year. The spraying is usually done in one working day, which is an occasional work engagement, and with similar characteristics are the mulching and milling activities for which the seasonal worker is engaged several times during the year in a period of several days. Engaging seasonal workers with temporary arrangement of not more than 30 days in the year is common for the agricultural sector and winegrowing industry as well. Namely, seasonal workers are hired for manual grafting of the grape and other fruit seedling as well as for paraffinizing and transplanting seedlings for maximum of 30 days per year, and for harvesting and packaging table grapes for about 20 days. In addition, in growing grapes seedlings several activities are repeated throughout the year (cutting vine shoot, digging, pruning, etc.) Domestic farms that grow mostly tobacco, hire seasonal workers (wage earners) for picking and lowering tobacco for a period between 2 and 3 months (not more than 100 days). They rest is done within the household.

*Table 2: Duration of the seasonal work engagement*

Type of seasonal work engagement	Average duration of the seasonal work engagement
Harvesting	30 to 40 days
Pruning seedlings	30 to 60 days
Planting	20 to 25 days
Irrigating, reaping, plowing	20 to 30 days
Physical activities / loading / unloading	30 to 60 days
Spraying seedlings	15 days (15 times per day)
Mulching, milling	12 days (4 times in 3 days)
Grafting seedlings, tying, paraffinizing and transplanting seedlings, cutting grape shoots, digging, lubrication, pruning, etc.	30 days
Cleaning the orchard after pruning	10 days
Harvesting and packaging table grapes	20 days
Collecting and lowering tobacco	Maximum of 100 days

Source: CRPM, 2020

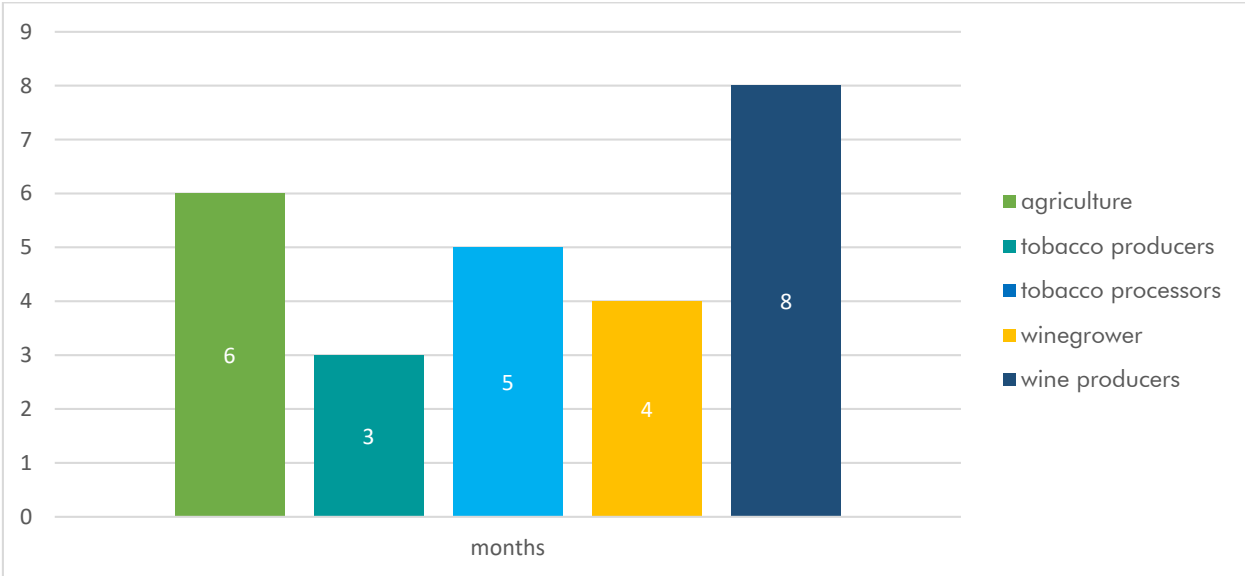
In general terms, individual farmers and family farms mostly hire seasonal workers for temporary and relatively short working engagements. Although the total number of days in the season for which they need additional worker reaches up to 180 days, the activities such as: harvesting, milling, mulching, irrigating, spraying, pruning, grafting and other, impose a need for working engagements of the seasonal worker to be in duration from the beginning to the end of the working activity and it can be several days during the month. This category of employers has smaller number of employees who are employed for a longer period without interruption.



On the other hand, companies that hire seasonal workers perform significantly larger amount of production and have a production process that includes multiple operations. Thus, companies in the tobacco industry grow, purchase, select and process tobacco. Two processes occur in these companies throughout the year. Firstly, seasonal workers are engaged during the tobacco purchase the people at the purchase points are hired for a period of 5 months. The second activity is longer and lasts from seven to eight months and incudes processing and sorting of tobacco. The employees in the tobacco companies are employed without interruption in the engagement. The minimum eight months according the Labour Law corresponds to the needs of these companies.

Large companies that have their own land (vineyards) and carry out the whole process of wine production, usually engage the seasonal workers for a period from 6 to 8 months. However, in this industry, the majority of the seasonal workers are engaged during the period of harvesting and purchasing grapes, and then the need for additional labour increases significantly and most of the seasonal workers are hired for a period of 3 to 4 months.

Graph 7: Duration of the season in months



Source: CRPM, 2020

### 3.2. In what ways do the employers find seasonal workers?

Agricultural companies (agricultural corporations, wineries, tobacco corporations, etc.) engage most of the seasonal workers again the next year. The workers apply for the jobs opened to public announcements. The individual farmers and family farms claim that their major problem is to find seasonal workers. There is no database or register of these workers so they have to find their own ways to find workers. Both of them look for the seasonal labour through personal contacts, neighbors and friends. The smaller employers, who engage 5 to 10 people, have direct contact with them and

they know each other. These workers “rotate” among the employers within rural areas during the season.

In certain regions, seasonal employment is mediated by certain persons who transport workers from other cities. The employers do not have information about the status of these intermediaries and whether they are licensed to perform this activity, or how much the employees pay them. In small rural areas, during the season, seasonal workers come and look for work. “There is a specific place where those who look for a job without intermediaries gather” - said a farmer from Strumica.

In Bitola, Prilep, Polog, Gevgelija and Veles, farmers need a register of seasonal workers which will provide workforce for them. In Strumica and Ovce Pole this is not a priority because the workers can be easily reached at the places where they gather. “They have a gathering place where we can find them. I do not believe that having a register will play a big role, because the seasonal workers have their leaders and I simply go to the market and find them” - says a farmer from Strumica and surrounding villages.

### 3.3. How much does a seasonal worker’s labour cost?

Due to the shortage of workers, the daily wage for the seasonal worker has increased significantly in recent years. According to the agricultural workers, the price of the labour is significantly affected by the competition with the persons who grow crops, but also perform additional work. In order to complete the operational activities (mostly harvesting) in a shorter period of time, they increase the cost of seasonal labour and thus the employers who seek for workers throughout the year face shortages, but also with a higher price for additional workforce which is later imposed by the workers themselves.<sup>15</sup>

The amount of the daily wage depends on the complexity of the working activities and the expertise required for its performing. Thus, the amount of the daily wage for pruning, which is determined on the basis of the total working area reaches up to 2.000 denars and for grafting seedlings which is paid per piece, the wage of the hardworking seasonal worker is between 4.000 and 5.000 denars. In the gardening, agriculture and during the fruit harvest, the daily wage ranges from 1.200 and 1.500 denars, and has a growing trend.<sup>16</sup> A similar amount of wage is paid for mulching, milling, cleaning, packaging and selection of fruits, and according to the farmers this is the same labour price paid in Greece.<sup>17</sup>

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<sup>15</sup> Additional interview conducted for data verification (winegrower). Conducted in June, 2020.

<sup>16</sup> Additional interview conducted for data verification (fruit grower). Conducted in June, 2020.

<sup>17</sup> Conclusion of a focus group conducted with employers from the Southeast region (winegrowers and gardeners). Conducted on 26.02.2020.

## 4. How is seasonal work regulated by law?

The legal framework in the Republic of North Macedonia, in terms of the right to work and labor relation is defined by the Constitution of the Republic of North Macedonia and the Labour Law (LL). Certain more specific provisions are prescribed by laws relating to the relevant area. In general, the legal framework is inherited from the previous system, and after the independence of the country, it has been changed several times in order to meet the needs of the socio-economic occurrences.

According to the Article 32 of the Constitution “Every person has a right to work, free employment choice, right to safety at work and right to remuneration for work during temporary unemployment. Every person has access to all jobs under equal conditions. Every employee is entitled to adequate earnings. Every employee is entitled to paid daily, weekly and annual leave. Employees cannot waive these rights.”<sup>18</sup>

The Labour Law<sup>19</sup> (hereinafter LL) in the Macedonian legal system regulates the seasonal employment. Article 47 of the law clearly defines seasonal work as work that due to climatic or natural conditions is not performed throughout the year, but in certain periods (seasons) and it does not exceed 8 months in a period of 12 consecutive months. Those 12 months are not considered as a calendar year, but it depends on the needs in a certain activity. The provisions of the law do not prescribe for which economic activities workers can be employed to perform seasonal work, but there is a clear restriction that this work does not take place throughout the year, but in certain period of time, due to the nature of the work.<sup>20</sup>

Employers can hire a seasonal worker by applying the provisions of the Labour Law. Namely, under legally determined conditions, employment contracts can be concluded with the workers for seasonal work. In order to engage seasonal workers, employers are provided services of temporary employment agencies, whose work is regulated by a separate law, the Law on Private Employment Agencies.<sup>21</sup>

### 4.1. Lawfully prescribed ways to ensure the need for a worker

Article 22 of the Labour Law regulates the ways to ensure the need for an employee when the employer wants to hire a new worker. There the Law prescribes 4 ways:

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<sup>18</sup> Constitution of the Republic of Macedonia, Article 32 from (available online source: <https://www.sobranie.mk/content/Odluki%20USTAV/UstavSRSM.pdf>)

<sup>19</sup> Labour Law („Official Gazette of RNM“ no. 62/2005...110/2019).

<sup>20</sup> Ibid

<sup>21</sup> Law on Private Employment Agencies („Official Gazette of RNM“, no. 113/2018).

1. Advertising a public announcement in daily press or other media at the expense of the employer. In this case, before announcing the public announcement the employer is obliged to enter the announcement in the electronic system of the ESARNM.
2. Publishing an announcement through ESARNM (the Agency requires it on other cases as well). This way of meeting the need for a worker is mostly used by employers. The announcement lasts at least three working days. This stems from the constitutional provision which stipulates that every working post is available to every citizen under equal conditions. Given the shortage of labor force and the unpredictability of the need for an additional seasonal worker in agriculture, this contributes to the frequent circumvention of the provisions prescribed by the law.
3. Mediation for employment performed by ESARNM. If this way is applied, the Law provides for an exception for seasonal employment, where employment up to 90 days, can be established without advertising, but with the mediation of the Employment Agency. This is a fast and flexible way, if the employer urgently needs a worker, which avoids the advertising procedure. However, it is restrictive because he has to look for an employee only from the records of unemployed persons kept by the Agency. According the regulations, the Agency can mediate in seasonal employment only for the registered persons. If the person is not registered in the Employment State Agency, the employer is obliged to direct the worker to go to the appropriate employment center and request that his data be entered in the ESARNM system.
4. Through the private agencies for mediation in employment at the expense of the employer, by previously entering the public announcement in the electronic system of ESARNM.

The employer can use one of the four ways to report an employment in the e-system as well as by direct procedure. The procedure for applying for employment is explained in the following chapter.

## 4.2. Employment contract for seasonal work

The Labour Law allows employers to conclude an employment contract for seasonal work under certain conditions. Although, there are no significant differences between the standard fixed-term employment and the seasonal work contract, during the Labour Law analysis we found that several provisions are prescribed, that provide certain level of flexibility for seasonal arrangements, and the legislator has taken into consideration the characteristics of the seasonal work, thus a significant benefit for the seasonal worker is prescribed. When employing seasonal workers, the Law on Establishing Employment for Seasonal Work provides:

- **Shortened probationary period** – unlike the standard fixed-term and indefinite contracts where the probationary period can last up to 6 months, when concluding an employment contract for seasonal work, the probationary period can last up to three working days;

- **Shorten notice period** – if the employer terminates the employment contract of the seasonal worker, the notice period is seven working days;
- **There is no obligation for public announcement to provide for the need of a worker**– considered as the most significant benefit for the employer, the Law provides the employer with the right to make a seasonal employment contract for 90 days, without prior public announcement, but mediated by Employment Agency. Namely, if the employer urgently needs a worker, he is not obliged to advertise for a vacancy, which lasts for three days, but he is allowed to request from the records of unemployed persons, i.e. the Employment Agency mediates for the seasonal employment. In this case, the worker must be registered in the records of unemployed persons kept by the Employment Service Agency of Republic of North Macedonia;
- **Possibility to redistribute the working hours of the seasonal worker** – the law prescribes this benefit for the seasonal worker. Namely, the worker who, according to apart-time employment contract, performs seasonal work in unequally distributed working hours without interruption of at least three months a year and works more working hours than is designated for full-time work, may request for those extra hours to be redistributed into the working days with full time work. The calculated working days are added to the overall work experience of the worker. This presents a significant benefit, given that the possibility of a seasonal worker gaining the right to a pension increases.

#### 4.3. Private employment agency with a license for temporary employment

In order to engage seasonal workers; employers are provided services of private employment agencies that hold a temporary employment license. The work of the agencies is regulated by separate law, i.e. the Law on Private Employment Agencies.<sup>22</sup> Licensed private agencies for temporary employment on the basis of the contract for providing an employee concluded between the agency and the employer- beneficiary may assign an employee to perform temporary activities in case of seasonal work.

Private agencies find seasonal workers in their records according to the needs of the employer. These workers for the period they are not hired have no contract either with the agency or with the employer. In this case, the entire administrative procedure related to the registration of employment is performed by the agency, and after that on the basis of a transfer agreement concluded with the employer, the private agency assigns the employee. A contract for the assignment of a worker to perform the same or temporary work (seasonal work) may be concluded for the duration of the need, but not longer

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<sup>22</sup> Law on Private Employment Agencies („Official Gazette of RNM, no. 113/2018).

than two years, with or without interruption. In this way, the Law on Private Employment Agencies is in conflict with the provisions of the Labour Law where the seasonal work is limited to 8 months, while the duration of this engagement prescribed by the Law on Private Employment Agencies can last up to two years. Hence, further harmonization of the two laws is needed for consistency.

The use of these services may be a financial burden for the employer, thus this way of engaging seasonal workers is applicable for large companies, agricultural businesses, tobacco businesses and wineries. Individual farmers or family farms rarely use the services of private agencies for temporary employment.

#### 4.4. Procedure for registration of seasonal workers

In the Republic of North Macedonia the employment is established by a signing written contract of both parties, the employee and the employer, and the employer is obliged to report any employment (as well as any termination) in the compulsory social insurance (pension and disability insurance, health insurance and insurance in the event of unemployment).<sup>23</sup> The registering and deregistering of employment, i.e. compulsory social insurance is performed through ESARNM. The Agency has the authority to conduct the procedure prescribed by the Labour Law, Law on Employment and Insurance in Case of Unemployment and Law on Records of Labour.<sup>24</sup>

Employer can perform the registration and deregistration of employment, electronically or directly at the counter in the employment center near the location of the employer, i.e. the place of work of the employer. The electronic procedure is available only for employers from the private sector and for its proper use the digital system e-Employment is developed and managed by the Employment Service Agency.

Although, according to the Labour Law an employer means legal or natural person who employs workers on the ground of an employment contract,<sup>25</sup> still the system applied in practice does not allow a natural person to register for employment.<sup>26</sup> Namely, through the electronic system and directly as well, natural persons in North Macedonia are cannot provide employment because they do not have unique tax and registration number of the entity. These data are necessary for filling the authorization form which, in addition to the other documents, the employer is obliged to submit for registration of employment.<sup>27</sup> However, individuals can use the electronic system, thus searching for vacancies (PPR submitted by the employers), as well as reviewing their previous employments. All citizens that are registered in the system of ESARNM belong to the category of natural persons.

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<sup>23</sup> Labour Law, Article 13 („Official Gazette of RNM“ no. 62/2005...110/2019).

<sup>24</sup> Official web site of ESARNM, Registration and deregistration of employment (available online source: <https://av.gov.mk/prijavuvanje-odjavuvanje-na-raboten-odnos.nspk>)

<sup>25</sup> Labour Law, Article 5 („Official Gazette of RM“ no. 62/2005...110/2019).

<sup>26</sup> Interview with representatives from Employment Service Agency of the Republic of North Macedonia. Conducted on 11.06.2020.

<sup>27</sup> Labour Law, Article 13 („Official Gazette of RNM“ no. 62/2005...110/2019).

For optimal use of the electronic system E-employment, the services are recommended to use the browsers Google Chrome and Mozilla Firefox. The user has the opportunity to access through a separate electronic connection (e-rabota.av.gov.mk) or through the basic official website of ESARNM (av.gov.mk). After accessing the website, the user is required to register, i.e. to create his/her own account, and for the system to accept the registration in the database, it is necessary to have basic data about the natural or legal person. The data on the natural persons are collected through the counter services, while the data on the legal persons are downloaded electronically from the Central Register of the Republic of North Macedonia.<sup>28</sup> Only legal persons that have unique identification number of the entity (JMBG), issued by the Central Registry can register through the electronic system. In addition, a legal entity can have only one username in the ESARNM system.<sup>29</sup>

In order to use the system, the employers are required to have digital certificate issued by authorized agencies for issuing digital certificates in the Republic of North Macedonia.<sup>30</sup> The digital certificate is actually an electronic signature and seal that aims to confirm the credibility of the employer, because in case of "over the counter" application the employer signs and seals his confirmation under moral, criminal and material responsibility by which confirms that the data in the forms are correct and true. The employer is legally obliged to provide accurate data in the procedure.<sup>31</sup> Electronic application for registration and deregistration of employment can be conducted by licensed private agencies for temporary employments which also need to have a digital certificate, as well as other employers (accounting and other service bureaus) which can use the application and registration system of workers for their clients.

As already mentioned, the legal entities from the private sector are considered as employers and are allowed to conduct the entire employment application procedure electronically without the need to go to the employment center in person or through an authorized person. The system of the ESARNM e-Employment allows:

- To advertise a vacancy (to submit Application form for employment- PPR form)
- After a previously submitted Application form for employment (PPR form) to register employment (to submit M1 form)
- To deregister employment (to submit M2 form).<sup>32</sup>

According to the Labour Law, the employer is obliged to complete the procedure for employment no later than one day before the worker enters work, and for urgent and unavoidable matters, at least

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<sup>28</sup> Guideline for using electronic system e-Employment of ESARNM for employers from the private sector (available online source: [https://e-rabota.av.gov.mk/Upatstvo/AVRM\\_Upatstvo\\_e\\_Rabota.pdf](https://e-rabota.av.gov.mk/Upatstvo/AVRM_Upatstvo_e_Rabota.pdf))

<sup>29</sup> Official website of the ESARNM for the use of the electronic system e-Employment (available online source: <https://e-rabota.av.gov.mk/>)

<sup>30</sup> Guideline for using e-Employment system of ESARNM, for employers from the private sector (available online source: [https://e-rabota.av.gov.mk/Upatstvo/AVRM\\_Upatstvo\\_e\\_Rabota.pdf](https://e-rabota.av.gov.mk/Upatstvo/AVRM_Upatstvo_e_Rabota.pdf))

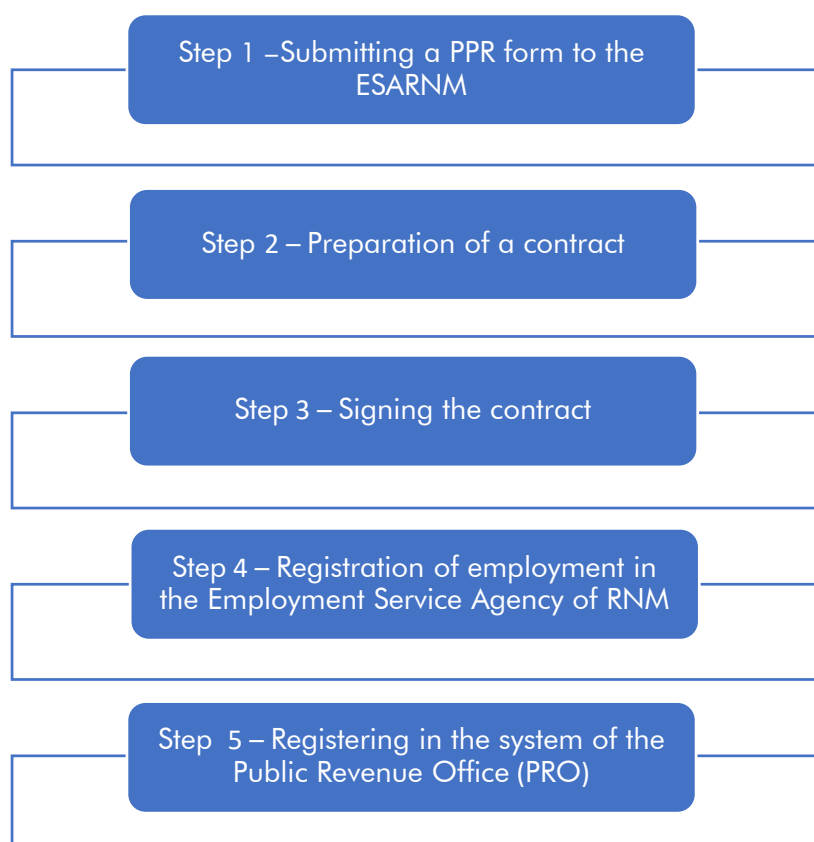
<sup>31</sup> Interview with representatives of the Employment Service Agency of the Republic of North Macedonia Conducted on 11.06.2020.

<sup>32</sup> Guideline for the use of the electronic system e-Employment of the Employment Service Agency, for employers from the private sector (available online source: [https://e-rabota.av.gov.mk/Upatstvo/AVRM\\_Upatstvo\\_e\\_Rabota.pdf](https://e-rabota.av.gov.mk/Upatstvo/AVRM_Upatstvo_e_Rabota.pdf))

one hour before the worker work by submitting the necessary documentation after electronically or at the employment center.<sup>33</sup> Neither the Labour Law, nor the special prescribed regulations according to which the Employment Agency works, determine the necessary conditions that must be met for the work to be considered urgent and unavoidable. However, in practice, the services claim that this method is the most common way of employment in the public sector, especially in educational institutions.<sup>34</sup>

For proper application of the e-Employment system, the Employment Service Agency of Republic of North Macedonia has issued two guidelines which describe in detail the manner of registration as a new user, as well as the conduct of the application procedure itself, i.e. how to enter electronically through the system of PPR, M1 and M2 forms.

The table below explains the two ways (electronically and directly) which the employer can use to complete the procedure for registration of employment in ESARNM. The procedure conducted by the employer is identical whether it is online through the e-Employment system or direct; the documents required by the services are the same as well, so the choice depends on how the employer prefers to conduct the procedure. The electronic procedure for registering the worker is less time-consuming, while the direct way requires physical attendance of the employer or the authorized person to the employment center at least on several occasions, including the procedure for deregistration.



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<sup>33</sup> Labour Law, Article 13 („Official Gazette of RM“ no. 62/2005...110/2019)

<sup>34</sup> Interview with representatives of the Employment Service Agency of Republic of North Macedonia. Conducted on 11.06.2020.



Table 3: Steps for registration of seasonal worker

STEP 1	
Step 1 –Submitting a PPR form to the ESARNM	<p>Explanation of Step 1:</p> <p>Electronic through the system e-Employment system:  The employer is obliged to submit an Application for the need for a worker (PPR form) before registering an application in the compulsory social insurance.<sup>35</sup> This step can be performed electronically through the system the e-Employment where the employer selects the option Enter an advertisement from the menu, and fills the same data required in the immediate “counter’ procedure (the form is identical). The employer enters the data of the subject, the number of employees required, the professional skills and occupation required, the level of education, working position, whether it is a new job, the amount of salary, the type of employment, working hours and the date of advertisement. In the PPR form, the employer leaves contact information which allows job seekers to contact the employer. In the application, the employer decides in which way he/she prefers to provide workers (determined in Article 22 of the LL). After the expiration of the legally prescribed three working days from the announcement, the M1 form can be realized.  PPR can be active not more than 120 days, then M1 form associated with it cannot be realized.</p> <p>Directly in the employment center:  This step is implemented in the same way if it is performed directly in the employment center. Namely, the employer can perform this procedure in person or by an authorized person at one of the counters. The required data in the PPR form is identical, and the form is available on the ESARNM website from where the employer can download and print it.</p> <p>Time required and cost estimate:  If the procedure is conducted electronically, the employer does not bear direct cost, but if the procedure is conducted in the employment center the time required is 30-40 minutes. The cost that is calculated for conducting the counter procedure is 250 denars.</p>

<sup>35</sup> This stems from the legal obligation to previously enter the public announcement in the electronic system of the ESARNM before publishing it (Labour Law, Article 13 („Official Gazette of RNM” no. 62/2005...110/2019).

STEP 2	
Step 2 – Preparation of a contract	<p>Explanation of step 2:</p> <p>The employer contacts the employee in order to meet and sign the employment contract for seasonal work. The employer is obliged to print three copies of the contract. One of which is for the employer, one for the employee and the last one is for the archive records. The employment contract usually contains four or more pages.</p> <p>Time required and cost estimate:</p> <p>This service cannot be performed electronically, and the time which the employer needs for this procedure is 45 minutes. Direct and indirect costs for preparation of documents amount to 165 denars.</p>
STEP 3	
Step 3 – Signing the contract	<p>Explanation of step 3:</p> <p>The employee reads the employment contract and he/she signs it with a short signature, after the employer has already signed it as the first contracting party.</p> <p>Time required and cost estimate:</p> <p>This service cannot be performed electronically. The required time to perform this step is 10 minutes, and the cost is 35 denars.</p>
STEP 4	
Registration of employment in the Employment Service Agency of RNM	<p>Explanation of step 4:</p> <p>Online through the e-Employment system:</p> <p>The application in the compulsory social insurance (M1) is made after the employer has previously created a PPR form. The employer selects the Application entry from the main menu. By entering the unique personal identification number of the worker (JMBG), the data that are registered in the ESARNM database for that person are automatically withdrawn.</p> <p>The date of the registering of the employment is also the date from which the employment was established. Thus, the employer is required to electronically submit an authorization document of the people he registers where the names, surnames, ID numbers as well as the archive number of the employment contract and the date of the employment are listed. By pressing the Confirm button, a digital record of M1/M2 form is created from the ESARNM system and is forwarded to the employer.</p>

	<p><b>Directly in the employment center:</b></p> <p>This step is implemented in the same way if it is performed directly in the employment center. Namely, the employer applies in person or through an authorized person in the employment center by submitting a PPR form which states the application number, M1 form and authorization of an authorized person with a list of persons to be reported in which the name, surname and personal identification number are listed, as well as the number of the employment contract and the date of concluding the employment contract, one day before the employ starts working, and for urgent and unavoidable matters, at least one hour before the employee starts working.</p> <p>According to the Labour Law, a certified photocopy of the application or an excerpt from a computer record from the information system of the Agency is delivered to the employee within three days from the day of starting work.</p> <p><b>Time required and cost estimate:</b></p> <p>If the procedure is conducted electronically, the employer does not bear direct costs, but if he chooses to conduct the procedure at the counter in the employment center, the required time that the employer will spend for the preparation of the documents is 30-45 minutes. The cost that is calculated for conducting a counter procedure is 250 denars.</p>
<b>STEP 5</b>	
Registering in the system of the Public Revenue Office (PRO)	<p><b>Explanation of step 5:</b></p> <p>The employee or the accountant hired by the employer receives the employment contract as well as the form M1 /M2 for employment and enters the data in the PRO system for calculation form for employment relation and enters the data in the PRO system for calculation of the current salary.</p> <p><b>Time required and cost estimate:</b></p> <p>This service is also available electronically. The required time for preparation of the documents and performing the procedure is 10 minutes. The cost is 35 denars.</p>
<b>COSTS</b>	
Total cost for using e-Employment system for electronic registering	<p>0 denars<sup>36</sup></p> <p>(235 denars are calculated for printing and the value of the time spent by the employer).</p>

<sup>36</sup> A direct cost for the employer associated with the electronic procedure is the mandatory possession of a digital certificate issued with a validity of several years. The price of a qualified certificate for personal use for professional purposes in a period of one year ranges from 17 (computer disk) to 50 (PKI token) euros.

Total cost for direct registering of employment in the employment center	735 denars <sup>37</sup>
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We can consider that the electronic procedure is simpler than the direct one in the employment center, mostly from the aspect of the time required for perform the entire procedure. In addition to saving time that the employer can use more productively during the season, the electronic procedure reduces other direct costs related to the cost of transportation to the employment center, printing of forms for conducting the procedure and the like. By using the electronic system, the employer does not submit any printed document to the Employment Agency, but only as an electronic record.<sup>38</sup> It is estimated that for filling in the forms of the procedure electronically, the employer spends 10-15 minutes, if he/she hires one person and there are no additional obligations because he/she is issued M1/M2 form by the service in a form of a digital record.

The only direct cost to the employer in the electronic procedure, that might represent a certain financial burden, is the obligation for possession a digital certificate intended for personal use for professional purposes, issued by an authorized agency in the country. Namely, the market research has shown that the price of the digital certificate depends on its duration (1 to 5 years), type (PKI token/computer disk) and the level of security provided by the certificate, with the price for one year ranging between 16.5-49.5 euros (for one year).

The administrative procedure conducted directly in the employment center is a more complex procedure considering that is time-consuming. Namely, the employer or the authorized person is required to apply at least twice to the employment center (when submitting PPR form or submitting the Authorization, and in order to realize and obtain the M1 form). The estimates of the research team are that in order to complete the procedure, the employer will need more than 2 and half hours, i.e. a cost of about 735 denars, if we take into account the average salary paid in the country. On the other hand, the electronic procedure would take no more than 15 minutes.

However, although there is an electronic procedure for registering employment, it is not adjusted to suit the employers who engage seasonal workers and who work in very dynamic conditions. Both approaches for registering employment do not provide quick and easy registration of workers for shorter period of time (daily), which is often needed by employers in the agricultural sector.

An additional burden for the employer (even if he/she is out of the procedure for registering employment in ESARNM) presents the signing of the contract for seasonal work, as well as its registering in the system of the PRO for calculating the current salary of each employee. According to this, in order to complete the employment procedure, the employer addresses two institutions.

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<sup>37</sup> The estimation of the financial cost for the employers is calculated on the basis of an average monthly net salary at the state level calculated by the SSO for 2/2020. Beside the direct cost, the cost of time necessary to complete the procedure is also calculated. The amount of the average monthly net salary for February was 27,206 denars (212 denars per hour).

<sup>38</sup> Additional interview conducted for data verification (tobacco industry). Conducted in June, 2020.

Namely, if an employer is required to engage 10 workers, he/she will be required to print 10 employment contracts and invite the workers to sign the contracts. And if he/she does not use the electronic services, he/she has to go to the employment center and thus he will lose most of the working day. Due to the fact that employment centers are available only in 30 locations, they are located mostly in larger cities that are far from the areas where the population is engaged in agriculture.

#### 4.5. Procedure for processing applications for employment

From the previous chapter we can conclude that in order to conduct the procedure for applying for employment, the employer needs the following documents:

- PPR form, in which the application deadline cannot be shorter than three working days
- Authorization – of authorized person with a list of the persons he registers (in which the name, surname and ID number, as well as the number of the employment contract, the date of the contracting are listed)
- Excerpt of an announcement or a photocopy of an agreement for use of services (from the Employment Mediation Agency), if the announcement is published in the media or services from private agencies are used.

Based on this documentation for registration of employment the official in the employment center records the registration of employment in the electronic form M1/M2 in the system of the Employment Agency. Two copies of the application form are printed; one of which is signed and sealed by the employment center and handed over to the person who submitted the authorization.<sup>39</sup>

By using the electronic system, after previously created PPR form, an application is submitted and with entering the unique identification number of the person who is about to be employed, the person's data which are in the base of ESARNM are displayed. By pressing confirm button, an entry of M1 is made in the system of the ESARNM. If the employer chooses the Employment Agency to mediate in seasonal employment, the M1 form record can be realized at the same time.

Through the electronic system, but also through the services in the employment centers there no possibility to submit a form that is not completely filled in with the mandatory data, hence the service does not perform such review of requests, but immediately after processing by the system or the official issues record for M1/M2 form and performs verification with archive number. When filling out the forms the employer receives information from the system whether the request is complete, accepted or necessary to make addition and correction of certain data. The system is connected to the databases

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<sup>39</sup> Official website of ESARNM, Documents required for employment (available online source: [https://av.gov.mk/makedonski-ns\\_article-prijavuvanje-potrebni-dokumenti.nspix](https://av.gov.mk/makedonski-ns_article-prijavuvanje-potrebni-dokumenti.nspix)).

of the Central Registry, and based on the Labour Law and the Law on Compulsory Social Insurance Contributions, ESARNM, the Health Insurance Fund of the Republic of North Macedonia (FZO) and the Pension and Disability Insurance Fund of Macedonia (FPIOM) are obliged to permanently keep records of the registration and deregistration in social insurance and mutually exchange data related to the social insurance.<sup>40</sup> Additionally the Employment agency exchanges data with the PRO. The data is shared automatically, electronically in the form of a digital record. There is no unified system for data sharing, but ESARNM exchanges data bilaterally with every institution. At the same time, the Employment Agency submits the data to other institutions through web services and certain forms of electronic data, and each institution downloads the data separately and at different time intervals.<sup>41</sup>

#### 4.6. Types of compulsory social insurance contributions

The types of compulsory social insurance contributions, as well as the rates at which they are calculated and paid are regulated by the Law on Compulsory Social Insurance Contributions.<sup>42</sup> The rates for calculating employment contributions of seasonal workers are shown in Table 4.

*Table 4: Tax rates and calculation of contributions*

Contribution/tax	Calculation rate
Compulsory pension and disability insurance	18.80%
Compulsory health insurance	7,50%
Compulsory insurance contribution in case of unemployment	1,20%
Contribution for additional health insurance	0,50%
Tax rate	10%

The payment of salaries in the Republic of North Macedonia is realized through the concept of gross salary. Namely, the concept of gross salary implies integrated collection of all components of the salary: net salary, compulsory social contributions and personal income tax. The Law on Compulsory Social Insurance Contributions lists the rates at which contributions will be calculated and paid, and the mandatory contributions include: compulsory pension and disability insurance contributions, compulsory health insurance, compulsory insurance in case of unemployment and contribution for additional health insurance. From the analysis of the laws, we determined that there is no difference in the amount of calculation of contributions between standard and seasonal employment.

<sup>40</sup> Labour Law, Article 13 („Official Gazette of RM“ no. 62/2005...110/2019).

<sup>41</sup> Interview with representatives of the Employment Service Agency of Republic of North Macedonia. Conducted in 2019.

<sup>42</sup> Law on Compulsory Social Insurance Contributions („Official Gazette of RRNM“ no.142/08 ...247/18).


Regarding the minimum base for calculation of salaries, according to the Law on Compulsory Social Insurance Contributions, it is 50% of the average salary per employee published in January in this year, i.e. 19.160 denars for 2020. Since the minimum wage is higher than the minimum base established in this way (21.776 denars in April 2020), practically the amount of the minimum wage is also the minimum base for contributions. If the employee performs part-time work, the minimum base is adjusted to the number of hours without limitation of the minimum (even for 1 working hour).

## 5. Why is seasonal work grey?

In order to determine why the seasonal work is grey, the research team of the Center for Research and Policy Making identified systemic weaknesses in the seasonal worker recruitment process, problems the employers are facing with, various constraints and needs of large employers and small family companies, holdings and individual farmers who engage seasonal workers, and the like. Based on the research findings, we found that informal labour in the sector is mainly related to small employers who have limited human and administrative capacity, but also the financial resources they need to comply with legal regulations, while companies have appropriate services that perform the procedure for registering seasonal workers and conduct all procedures prescribed by law with ease. Hence, it is necessary to make changes that will provide adjustment of the system in line with the needs of small employers and which will benefit large companies, too

### 5.1. Reason 1: Application procedure is overwhelming and time consuming

In agriculture, seasonal work engagements are relatively short, so farmers are not able to register each worker individually for a one day engagement. If for example we take an average farmer from the municipality of Gradsko who engages seasonal workers he/she does not have a registered legal entity and does not have a certificate, it is necessary to go to the Employment center in Veles twice, where the/she will spend few working hours to register the employee. In addition, if we take into consideration the regulations for compulsory announcement, then the employer should have planned the seasonal work a few days in advance. In conditions of unstable seasonal labour market, unpredictable weather conditions and unfair competition, the procedure for registration of employees is not applicable for the agricultural employer. Some people, who come to perform seasonal work, do not have working habits, earnestness, discipline, or work commitment.



*„ The worker shows up one day, but one cannot expect to see him/her the following day “.*

*Gardener from Gostivar*

Taking into consideration that the experiences of the employers shows that the employee happens not to appear at work or to behave inappropriately or to be dissatisfied with how he does his job, a research subject was the procedure for termination the contract for seasonal employment. When the worker has an unjustified absence from work for three or five consecutive working days during the year, the employer has the right to terminate the employment contract without notice period.<sup>43</sup> In that case, a disciplinary procedure is conducted for determination of the violation of the rights and

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<sup>43</sup> Labour Law, Article 82 („Official Gazette of RNM” no. 62/2005...110/2019).



obligations from the employment and a decision is made to terminate the employment contract and the person is deregistered from ESARNM. The decision and the M1/M2 form are delivered to the home address of the person with registered mail and return receipt. The companies do not have difficulties in cases of contract termination. If the employee refuses to receive the dismissal decision, it is delivered to his/her home address with registered mail and obligation to sign the return receipt. If the employer does not receive signed return receipt the decision for termination of the contract is announced on the bulletin board at company headquarters.<sup>44</sup> The experiences of the companies related to workers who misbehave are less compared to small employers and in companies these issues are subject to disciplinary proceedings, while in case of poor performance by the employee, the immediate supervisor issues oral instructions.<sup>45</sup>

*„ It is not practical. I have to sit on the computer and to waste time, to lose my daily wage which is high during the harvest period, and I have to sit and keep records about who has come to work, and then to unregister him/her while half of them do not have ID cards or are 15-16 years old miners who do not have ID cards. “*

*Employer participating in a focus group discussion*

registration procedure. The application of the system for registration of seasonal workers is complex even for the employers who have skills for using the electronic services of the Employment Agency, because they perform the procedure themselves.

Time is important for the farmer, because within the family holdings, the employer is also a worker, who together with the household members and the seasonal workers, participates in the production process.

*„ How can you register everyone in the system? They come today, take the daily wage of 1.500 denars and then they don't show up the following five days. How to insure, register and deregister them? They don't come for five days and when they spend the money they will show up again. “*

*Fruit grower from Kavadarci*

Household farms do not have the capacity to report the employees (one household member should do the administrative work every day), nor it is economically viable to hire a person who will follow all legal procedures (the quantity of production and profit is low) and most often decide not to report seasonal workers. They are aware that they are taking risks, but they have no other choice.<sup>46</sup>

According to the experience of the seasonal workers, the agricultural workers they hire during the season are not familiar with the

<sup>44</sup> Additional interview conducted for data verification (tobacco industry). Conducted in June, 2020.

<sup>45</sup> Additional interview conducted for data verification (tobacco industry). Conducted in June, 2020.

<sup>46</sup> Conclusion from the conducted focus groups with employers, conducted in the period February- March, 2020.

## 5.2. Reason 2: Registering means losing other social benefits

The basic motive for seasonal workers is the amount of the daily wage and they often cancel the already agreed work engagements if another employer offers them a higher daily wage. The employer on the one hand considers that it “risks financial resources” and time to report the employment of the seasonal worker and on the other hand the employee does not show special interest and desire to keep the employment formal.<sup>47</sup> For seasonal workers the reported employment is not added value, but lost social benefits.<sup>48</sup> This is especially the case because most seasonal workers are already beneficiaries of social rights (such as financial unemployment compensation, social assistance, pension, scholarship, etc.) and if their seasonal work is reported, they are afraid of losing

*„We mostly encounter problems with the workers we hire during the purchase of goods period. First of all, it is a shorter period, we have limited offer, because the people are from other cities away from the factory. Many of them are registered farmers so we cannot register them again. They do not inform us that they are beneficiaries, so after we complete the whole procedure and the month has passed, we find out about their economic status.“*

*Employer in the tobacco industry*

it. If they accept to be registered within a few working days, they immediately lose all their benefits acquired on the basis of unemployment. In that way they remain unprotected, so they are forced to work “illegally”, because otherwise they are afraid that they will be left without benefits and without a secure job.

In larger agricultural holdings there is a desire, interest and effort for seasonal work not to be undeclared. These employers have placement and quality product, good earnings and prefer to run their business in accordance with legal regulations, but face several obstacles:

- 1) workers refuse to be registered so as not to lose social benefits,
- 2) workers are already formally employed by another employer,
- 3) the workers are retired or persons over 15 years of age, but not of legal age and do not have identification documents,
- 4) there is unfair competition, i.e. the employer who does not report the workers has the opportunity to offer a higher wage, and in condition of limited offer of labour no employer can afford to risk losing workers.

Namely, the retirees who are able to work should initiate a procedure for putting their pension on “standstill”, so that they can be formally employed as seasonal workers, regardless of whether the employment is for a few days or a month. After completing the short-term engagement; they have to go through the administrative procedure again to return the acquired right to a pension.

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<sup>47</sup> Interview with employer 8 (farmer). Conducted on 10.03.2020

<sup>48</sup> Conclusion from the conducted focus groups with employers, conducted in the period February- March, 2020.

Pupils and students who are scholarship holders may lose their scholarship or family pension if their reported personal income increases. On the other hand, the recipients of social assistance are still not aware of the reform with the Law on Social Assistance which introduces a minimum guaranteed income which as a right is not lost if the person performs occasional work.<sup>49</sup> However, this is not the case with people with low disabilities who are pensioners and who will lose the benefits for a short employment.

At the same time there is a restriction on hiring employees to perform seasonal work. According to the Labour Law, a full-time employee can enter into a part-time employment contract with another employer, but for a maximum of ten hours per week. It is important to note that employers must agree on this issue, i.e. the decision does not depend only on the employee.<sup>50</sup> This means that employees cannot be hired for more than 2 hours a day, and the consent of the first employer is required.

In the tobacco industry there is interest in seasonal work by registered farmers. But these people cannot be registered by the employers as seasonal workers.

All the above categories of people are not ready to lose the already gained benefit, because the seasonal work engagement is not secure enough for them. On the other hand, there is a limit and risk of punishment for the employer for violating the legal provisions, because the persons he hires cannot be formally registered.

### 5.3. Reason 3: Cash-in-hand at the end of the work day is the only acceptable way

Seasonal workers usually agree with the employer orally and do not sign any contract contrary to the Labour Law. There are many reasons. According to smaller employers, the workers they hire are often socially vulnerable, illiterate and to whom a written contract does not mean anything. Others, because of the status they are at risk of losing, deliberately avoid written agreements as a step towards formalization.

The first category of socially vulnerable workers survives day by day. It is important for them to receive the earned wage at the end of the day so they can buy groceries. The formal application entails the payment of wages after the completion of the work or at the end of the month according to the Law on Wages. This is unacceptable for socially vulnerable, extremely poor people who are hired as seasonal workers, so the payment is made in cash or, in common parlance, "cash in hand" at the end of the day.

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<sup>49</sup> Social assistance recipients will not lose their right to participate in programs that increase their employability (for example active employment measures, retraining and additional training) or if they earn income that is not higher than 10.600 denars.

<sup>50</sup> Labor Law („Official Gazette of RNM" no. 62/2005...110/2019).

*"No one likes to apply and wants to get the money the same day".*

*Tobacco grower from Krivogashtani*

Older workers refuse to be registered for a short period of time due to the higher per diem they receive as undeclared workers.

A special category of workers who perform seasonal work, but for whom the state has no records, are people who have blocked bank accounts (often due to outstanding debts). This category of persons refuses to

be paid with bank transfers. The category of workers who do not have identification documents is also out of the state records. This includes Roma people, but also migrants and foreigners who often start to be engaged as seasonal workers.<sup>51</sup> These people work mostly hard physical work without the use of mechanization.<sup>52</sup> Foreign workers, mostly from the Republic of Albania, work in border areas during the harvest and do not have work permits. The impression of the inspection services is that they are related to a certain households where they stay and work and it gives the impression that they have come to visit. These workers can hardly be located by the Ministry of Internal Affairs.<sup>53</sup>

#### 5.4. Reason 4: Due to labour shortages, unfair competition the intermediary costs are high

Due to the inability to meet the need for a seasonal worker, employers in some regions cooperate with intermediaries and carriers who bring workers from other cities and settlements. Mediators and carriers increase the cost to the employer, but also increase uncertainty. The employer does not know who will come to work, so he is not able to register them. In addition to safety at work and providing a hot meal for workers, employers are responsible for finding ways to cover transportation cost for these workers.<sup>54</sup>

Employers fear possible injury to the employee while at work, because the employment is not registered with the competent services.<sup>55</sup> An additional problem regarding

*" We cannot find workers if there are none, especially in our city. Veles has many workers, but they go through an intermediary, take them by car and then take 10 denars approximately from their hourly rate. They bring workers from everywhere. In all companies where needed. When it is "peak", they carry a lot of workers, by bus, they carry almost three buses a day, for harvesting, for packing, etc. "*

*Orchardist from Veles*

<sup>51</sup> Conclusion from conducted interviews with employers in the period February- March, 2020.

<sup>52</sup> Conclusion of a focus group conducted with employers from the Polog region. Conducted on 05.03.2020

<sup>53</sup> Interview with a representative of the State Labour Inspectorate. Conducted in 2019.

<sup>54</sup> Conclusion of a focus group conducted with employers in the period February- March, 2020.

<sup>55</sup> Conclusion of the conducted interviews with employers in the period of February-March, 2020.

<sup>55</sup> Conclusion of a focus group conducted with employers from the Vardar region. Conducted on 24.02.2020.

this issue for employers is that people who do seasonal work, and come in groups of more workers, bring their minor children who do not actually work, but must be paid so that the other workers (their parents) accept to do the work. Employers feel blackmailed by labour shortages because they have to accept the conditions that workers set in order to complete the planned activities. Also, during the season, in smaller rural areas, all employers need workers for the same and relatively short period of time.<sup>56</sup> It is a challenge who will be the first to hire them, and almost the same group of workers performs seasonal work tasks with all employers within a certain region during the season..

## 5.5. Reason 5: Problems with the inflexibility of the system and the legal framework

Large companies register seasonal workers, but face challenges of a different nature. When reforming the seasonal work system, the legislator needs to consider the following issues.

### Issue 1: Annual leave

If he/she establishes employment, the employee acquires the right to annual leave when he/she has been working continuously for at least six months with the same employer.<sup>57</sup> The first problem that the employers face is the use of annual leave for seasonal workers. It happens that the seasonal work coincides with the collective leave of the company. As the seasonal workers do not meet the prescribed conditions for using annual leave, the company is required to deregister and re-register them after the collective leave is over.

### Issue 2: The employee must be registered before starting work

The company service registers the employee one day before he/she starts to work. Practice shows that it happens that the employee changes his mind and does not show up at work for various reasons. Hence, it is necessary to deregister the unfounded employment, but for that day the company pays the contributions. Additionally, this increases the amount of administrative work.

### Issue 3: Health examinations of employees

Before starting work, the employee makes a medical examination and training for safety and health at work. This is a cost to the employer, as it happens that the employee decides not to start work.

### Issue 4: There is no difference in the procedure whether the employee works for several hours, days or months.

Large employers believe that the procedure for registering seasonal workers must be more flexible if they hire people for a few hours to perform an unforeseen task, compared to the procedure for a worker who is hired for several days or month. There is no mechanism for hiring workers without announcing for similar needs, which by the way have extremely short deadline for completion.

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<sup>56</sup> Interview with employer 8 (farmer). Conducted on 10.03.2020.

<sup>57</sup> Labour Law („Official Gazette of RNM”no. 62/2005...110/2019).

## 5.6. Reason 6: Low level of networking and data exchange between competent institutions

Persons who are registered farmers apply on the public job announcements of the companies and according the law regulations they cannot be registered. As workers, they do not inform the employer that they are beneficiaries, but the company finds out about it after the entire procedure and the when the time comes for payment. At the end of the month, the PRO returns the monthly calculation for integrated collection (MPIN) to the company, and then the registered farmer is deregistering, and the whole procedure is by submitting applications, which delays the procedure. All this is at the expense of the employer, and the problem arises because when registering the employee, the employer does not receive notification that the person is a registered farmer elsewhere. In this case, the employer finds out late about the person's economic status.

## 5.7. Reason 7: Restrictions arising from the legal framework

According to the findings of the research, the complex administrative procedure for registering a worker and its duration (including the deadlines for announcement) are important reasons for not registering seasonal workers in agriculture. The legal framework does not meet the real needs of employers, taking into consideration the nature of seasonal work in agriculture. Basic indicators of the high level of inflexibility of the legal framework regarding the engaging seasonal workers are:

- (i) the need to enter into a written employment contract; and
- (ii) the compulsory public procurement procedure for securing the need for workers.

Namely, according to the provisions of the Labour Law the employment relationship is based exclusively on signing a written employment contract between the employer and the employee. The contract, regardless of the form of employment contains all elements of a standard employment contract. Without a contract, the employee cannot start working, where the fact that the seasonal work is characterized by a very short work engagements is not considered, so if the employer fully follows the prescribed procedure, it is possible to conclude several contracts, for each day for which the employee will be engaged.

Short-term deadlines and procedures are not legally provided for seasonal employment. The impression of the officials from the Employment Agency is that the employers do not differentiate between part-time employment and employment for seasonal work, but they register the seasonal employment on a part-time basis.<sup>58</sup> Also, the statistics from ESARNM indicate that almost all seasonal

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<sup>58</sup> Interview with representatives of Employment Service Agency of Republic of North Macedonia. Conducted in 2019.

employments are registered as part-time employments. Namely, only 7 applications were registered in the period from 01.01 to 01.10 2019, according to the records of applications for need of a seasonal worker (PPR). <sup>59</sup> Additionally, the employment of seasonal workers through private employment agencies is mostly registered as a fixed-term employment.

Hence, we can conclude that for the employment of seasonal workers are not prescribed sufficiently flexible legal norms, nor are significant benefits provided that would motivate employers to report any established employment relationship with a seasonal worker. Namely, only after the employer has completed the entire administrative procedure which consists of submitting an application for the need for an employee, adheres to the deadline of three working days for advertising, signing an employment contract and registering the employee with the ESARNM, the employee will be able to start work. The research team believes that it does not take into account the unforeseen need for a worker in agriculture, as well as the basic characteristics of seasonal work.

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<sup>59</sup> The information is obtained during an interview with ESARNM representatives.

## 6. How to reduce informal seasonal labour in agriculture?

There are two more general approaches in public policies to combat informal work and unregistered employment:

- a) a deterrent approach aimed at ensuring compliance by detecting and punishing non-compliance; and
- b) the enabling approach, which aims to ensure compliance by preventing legal or natural persons from engaging in unregistered work from the outset, enabling a shift from unregistered work to a registered one, or by facilitating the commitments to "tax morality".

*Table 5: Policy approaches to unregistered work*

APPROACHES	METHOD	MEASURES
Deterrent	Improved detection	<ul style="list-style-type: none"> <li>- Comparison and data sharing</li> <li>- Joint strategy</li> <li>- Joint operations</li> </ul>
	Fines	<ul style="list-style-type: none"> <li>- Increased fines for avoidance</li> </ul>
Enabling adherence	Preventive	<ul style="list-style-type: none"> <li>- Simplification of procedures</li> <li>- Direct and indirect tax incentives</li> <li>- Easy transition to self-employment</li> <li>- Introducing new categories of work</li> <li>- Micro-enterprise development</li> </ul>
	Curative	<p>Incentives for the buyer:</p> <ul style="list-style-type: none"> <li>- vouchers for services</li> <li>- targeted direct taxes</li> <li>- targeted indirect taxes</li> </ul> <p>Incentives for suppliers:</p> <ul style="list-style-type: none"> <li>- amnesty from society</li> <li>- voluntary disclosure</li> <li>- business advisory and support services</li> </ul>



Nurturing  
commitments

- Promoting the benefits of registered work
- Education
- Supervision with equal access
- Tax fairness
- Procedural fairness
- Distribution fairness

Source: Eurofound, 2009

Dealing with unregistered employment in the country is implemented with the help of the Strategy for formalization of the informal economy in the Republic of Macedonia (2018-2022). The review of the measures implemented by the executive shows that it is combination of measures in order to prevent and deter unregistered employment and facilitate formalization, i.e. compliance with the legal provisions for formalization of labour.

*Table 6: Framework of political measures*

METHOD	TYPE OF MEASURE IN USE	
Improved detection Increased penalties Increased risk perception	Labour inspection	<ul style="list-style-type: none"> <li>- Establishment of Misdemeanor Body within the MLSP consisting of two commissions-one for labour relations and the one for protection and health at work (2009/10)</li> <li>- Strengthened rules for registered unemployment, i.e. mandatory certificate for job search activity (2012)</li> <li>- Establishment of an Inspection Council (2012-2014) whose task is to coordinate the efforts and resources of all inspections and oversee their work.</li> <li>- Harmonization of inspections in their actions, by introducing instructions, and preparation of checklists for control, forms for minutes, for decisions, etc. as well as the adoption of a Methodology for performing inspection supervision.</li> <li>- Introduction of second and third shift in all inspectorates, so that inspection control is performed in the evening.</li> </ul>
	Control over the payment of income tax and social contributions	<ul style="list-style-type: none"> <li>- Establishment of a Debt Collection Center, a Center for Confiscated Goods, a Tax Academy for training and a laboratory for expertise within the Public Revenue Office for detection of high risk fraud and tax evasion (2011)</li> </ul>

		<ul style="list-style-type: none"> <li>- Strengthened administrative cooperation and mutual assistance through electronic data exchange (Public Revenue Office, State Labour Inspectorate, etc.) (2012 and 2013)</li> <li>- Implementation of the GPRS cash register reform for all businesses that provide direct connection and control by the PRO Data exchange between NBRM and the Ministry of Labour and Social Policy for social assistance recipients who receive remittances from abroad and/ or have saving deposits.</li> </ul>
<b>Increased penalties</b>	<b>Increased risk perception</b>	<ul style="list-style-type: none"> <li>- Obligation of the employer to officially register unregistered employee within 15 days upon his/her detection by a labour inspector, as well as to pay the employee three gross salaries (2011)</li> <li>- New Law on Prohibition and prevention of Unregistered Activity (December 2014) in order to prevent large-scale unregistered activity. This law also regulates complicity in performing unregistered activity, which affects the demand for unregistered activity.</li> <li>- Strengthened control of the custom line, in coordination between the Custom Administration, The Ministry of internal Affairs, the SLI, the Financial Police, etc. to reduce the so- called "Suitcase trade".</li> <li>- Strengthening the inspection of persons engaged in trade activity without registration in the Central Register of Macedonia in places that are not allowed (e.g. near green markets, sidewalks, squares, etc.) Intensified inspection of food and processing industry, textile and leather industry, concessionaires conducting detailed geological examinations and exploitations of mineral resources, etc.</li> <li>- Amendments to the Law on Registration of Cash Payments in the area of regulation of cancellation accounts, so that caterers and bookmakers will not be allowed to cancel fiscal invoices after 15v minutes from their issuance (2019)</li> <li>- A working group has been established within then Ministry of Finance to deal with the shadow economy in e-commerce (2019)</li> </ul>

Preventive (to prevent entry)	Simplified adherence to regulations	<ul style="list-style-type: none"> <li>- Simplified regulation for starting a business("one-stop counter" system) (2009);</li> <li>- Decentralization of payment of service taxes, i.e. opening of local "Service Points"(2011)</li> <li>- Encouragement of electronic submission of tax returns and electronic payment of profit and value added taxes for legal entities (2013/14)</li> </ul>
	Direct tax incentives	<ul style="list-style-type: none"> <li>- Reduction and equalization of income tax and personal income tax ("flat tax") to 10% (2008)</li> <li>- Tax rate of 1.5% on the total income of small businesses with annual turnover up to 3 million MKD (2008)</li> <li>- Tax relief for reinvested profits (for investments exceeding 100,000 EUR) (2008/9)</li> <li>- Zero corporate income tax for retained earnings (2011)</li> <li>- Within the MOJDDV campaign, a new Law was adopted for the return of the VAT to individuals, which gives citizens the right to a refund of 15% of VAT expressed in fiscal accounts.</li> <li>- Creation of a Catalogue of data services for services from more than 190 laws and Analysis of parafiscal charges for MSMEs, for the purpose of quantitative and qualitative analysis of services, giving priority to digitalization of services and analysis of parafiscal charges to determine the justification for their existence.</li> </ul>
	Incentives for involvement in official business activities and employments	<ul style="list-style-type: none"> <li>- Tripartite Collective Bargaining Agreement for Social Dialogue (2009)</li> <li>- Compatibility of the lowest and highest base for social contributions with the amount of individual gross salary (2009)</li> <li>- Progressive reduction of the mandatory social contribution rate to 26.5% (2011) and the pension insurance rate of 18% of the gross salary (2010)</li> <li>- Adoption of the Law on Minimum Wage, which sets the national minimum wage at 36.9% of the national average gross salary for the given branch for the previous year (2012).</li> <li>- Reduction of the maximum period for unemployment benefit from 60 to 18 months (2012)</li> </ul>

		<ul style="list-style-type: none"> <li>- Providing microfinance for starting businesses (especially for SMEs) (2012/13)</li> <li>- Reducing the cost of seasonal workers by easing severance pay obligations (introducing probation in seasonal work and reducing the notice period) (2013)</li> </ul>
<b>Curative (encouraging a way out of the shadow economy)</b>		<ul style="list-style-type: none"> <li>- Lower tax base for registered individual farmers (20% of the net salary of the national average (2008)</li> <li>- Farmers with an annual income of 300,000 MKD are exempt from paying income tax (2008)</li> </ul>
<b>Nurturing commitments</b>	Public campaigns and initiatives for greater awareness	<ul style="list-style-type: none"> <li>- Free telephone numbers for reporting undeclared works and irregularities in the workplace (MLSP, ESARNM, FPIOM , SLI)</li> <li>- Checklist for workers and employers in relation to their rights and obligations (SLI website)</li> <li>- Youth awareness campaign in order to promote a successful transition from the educational process to decent work.</li> <li>- “Ask for a fiscal bill” campaign to raise awareness in order to respect taxes</li> <li>- A campaign of “public shame” by the PRO through public announcement on a monthly basis of the black list of debtors</li> <li>- Project “Fiscal education of young people” for high school and university students organized by the PRO and the Ministry of Education</li> <li>- Trainings of more than 200 individuals for irregularities in relation to the Law on Tax Procedure by the PRO in 2018 and 2019</li> <li>- MojDDV campaign and MojDDV#MojaNagrada</li> </ul>

Source: CRPM (2014) supplemented by 2020 Hit and Miss - The Dynamics of Undeclared Labor in Macedonia (available online source: [http://www.crpm.org.mk/wp-content/uploads/2017/12/PolicyBrief31\\_ENG.pdf](http://www.crpm.org.mk/wp-content/uploads/2017/12/PolicyBrief31_ENG.pdf))

Many undeclared seasonal workers in the agricultural sector, although willing to register, believe that the amount of undeclared work in the country is due to the non-functioning of the public institutions responsible for control, including labour inspection. They prefer their employment to be properly registered in accordance with the law, because they are worried about their future as adults, because in that way they have limited opportunities to gain the right to a pension, social and health insurance. They are aware that their worker's rights as seasonal workers are not respected and are violated. They feel manipulated by employers who constantly promise them that their employment will be reported.

*„I work seasonally in the bars in my hometown, where i am constantly manipulated that i will be registered „next month“.then, here in the summer season, they do the same to me. I have been working for ten years and i have only two years of experience.“*

*Seasonal worker from Kratovo*

Their interest as workers is to have a permanent job and a registered employment relationship, but due to the limited offer of “good” jobs, they accept shorter work engagements as seasonal workers. In other circumstances, they would not work seasonal work, nor would they work in agriculture because it is hard and labour-intensive work. They work as seasonal workers because they have no other solution to solve their existential issue.

But, in the opinion of the majority of the population, accepting undeclared work can also be attributed to the fact that state insurance systems are unreliable.<sup>60</sup> Hence, they would rather have temporary security that comes with a higher salary instead of reserved promises of longer-term security based on the public insurance system. This once again confirms the importance of trust in institutions and the system in general, as a form of “psychological agreement” between citizens and the state, which is important for tax morality.

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<sup>60</sup> According to the CRPM survey on the hidden economy, 56% of the total number of respondents agree with the statement that the state health and pension system is not stable enough (available online source: [http://www.crpm.org.mk/wp-content/uploads/2017/12/PolicyBrief31\\_ENG.pdf](http://www.crpm.org.mk/wp-content/uploads/2017/12/PolicyBrief31_ENG.pdf))

## 7. Mapping the relevant institutions and analysis of the connectivity of relevant workers registration systems

The work of the Employment Service Agency of the Republic of North Macedonia will be subject to comprehensive reform in the next few years. With the announced reform, the competencies that the Agency has, which refer to registering and deregistering in the compulsory social insurance on the basis of employment, will be transferred to the competence of a new legal entity at the Ministry of Labour and Social Policy. For that purpose, a special law will be prepared, and this special legal entity will have the authority to manage the Single Register for Socially Insured Individuals, which is expected to be operational starting from 01.01. 2023.<sup>61</sup>

The registering and deregistering of employment (from the compulsory social insurance) according to the planned reforms will be done exactly through the system of this registry, due to which changes will be made in the M1/M2 form,<sup>62</sup> that is, it will be upgraded with additional data that will be requested by the employer, i.e. data that are relevant to the other competent institutions, and the idea is to collect them in one step. Thus, by registering through the Single Register, data will be exchanged with the institutions in real time, and the software solutions will enable recognition of all data and under their mutual inclusion and exclusion in accordance with the fulfillment of the conditions stipulated in the laws under which registration/deregistration is performed.<sup>63</sup>

The Employment Agency will continue to work towards the implementation of Active measures to reduce unemployment, and will remain in charge of keeping records of the unemployed in the country, requesting a worker, as well as employment mediation.<sup>64</sup> It is not yet known whether PPR will remain a valid application with some adjustments to the required data or it will be completely abolished. The competent institutions involved in the reform do not have a final position on this issue.

The introduction of the Single Register for Socially Insured Individuals will enable ongoing networking of all data on social insured individuals in the country. The expectations are that in this way all the shortcomings of the system will be removed, by the new system which will take over and clean the already existing data from the databases of the competent institutions. The reform procedure involves all competent institutions and the line ministry, i.e. MLSP, PRO, ESARNM, HIFM, FPIOM, Agency for Supervision of Fully Funded Pension Insurance MAPAS and other relevant stakeholders. At the moment, the exchange of data upon application for established employment relationship between ESARNM and other competent institutions HIFM, PDIF and PRO is done electronically. Therefore, we believe that the introduction of a new electronic system for registering seasonal work engagement until

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<sup>61</sup> Conclusion from a coordination meeting with representatives of the MLSP (labour sector), representatives of the SIPA project and representatives of the project team from the IPA project "Improving working conditions". The meeting was conducted electronically on 07.03. 2020.

<sup>62</sup> This also applies for the registration forms (applications) used by HIFM and PDIFM.

<sup>63</sup> Conclusion from a coordination meeting with representatives of the MLSP (labour sector), representatives of the SIPA project and representatives of the project team from the IPA project "Improving working conditions". The meeting was conducted electronically on 07.03. 2020.

<sup>64</sup> Interview with representatives of the Employment Service Agency of the Republic of North Macedonia. Conducted on 11.06.2020.

the moment when the Single Register will be introduced, the responsibility for managing the system should be transferred to the Employment Agency. This competence would be a kind of transitional solution until the final takeover by the new legal entity that will be responsible for maintaining the Register of Socially Insured Individuals starting from 2023. Thus, taking into account the current situation and planned reforms of the system for registration/deregistration of employment through the introduction of the Single Register for Socially Insured Individuals, we believe that in shaping the reform of the system for engaging seasonal workers should include the following competent institutions that can be key participants in the procedure:

- Ministry of Labour and Social Policy
- Ministry of Agriculture, Forestry and Water Economy
- Ministry of Finance
- Ministry of Internal Affairs
- Public Revenue Office
- Employment Service Agency of the Republic of North Macedonia
- State Labour Inspectorate
- Health Insurance Fund
- Pension and Disability Insurance Fund
- State Statistics Office
- Banks

These institutions should be actively involved in the design of the system for registration/ deregistration of employment through the introduction of the Single Register of Socially Insured Individuals and to introduce the features and functionality of the electronic system for registering seasonal employment that would be developed within the cooperation between GIZ, NALED, CRPM, MLSP, MF and the working group for dealing with undeclared work.

## 8. Models for solving the problem of informal hiring of seasonal workers

In the countries of the region and the European Union, different models for hiring workers for short-term work are already applied. The purpose of these models is not to replace the standard forms of employment, but to positively reflect on the reduction of informal employment of workers, on the standard of living of certain categories of persons who thus gain the opportunity within the formal economy to earn additional income with which they will meet their needs for life.

### Voucher system

One of the examples is the voucher system, i.e. work engagement that is paid by issuing daily coupons by the employer. The daily coupon can be used to pay for almost any form of work activity, but in practice it is used and covers a limited range of services, i.e. services that the state estimates cannot be delivered otherwise through the labour market.<sup>65</sup>

The method of application is different and depends on the local economic context, and it is envisaged to limit the use of engagement models by setting an upper limit on the maximum annual income earned through this way of working or by determining the maximum number of working days and hours. The purpose of these restrictions is to prevent the hiring of workers out of the employment system and to replace the standard forms of employment with which workers can be employed.<sup>66</sup>

The introduction of the possibility to apply for employment, which will not imply employment, aims to reduce the practice of unregistered employment, which will allow the payment of part of the contributions for workers, as well as the payment of personal income tax to the state. On the other hand, the administrative burden that employers have when hiring workers for a short period of time is reduced. Employers can manage human resource needs in a flexible way, given the volatile nature of their work, as it is the case with the agricultural sector. If employers do not have a quick and easy way to hire a worker they face potentially significant financial loss.<sup>67</sup>

Those workers, who are enabled to work, without being employed and not losing the benefits gained on another basis, are given a chance to additional earnings. In this way, young people are attracted to gain new skills and experience that will prepare them to enter the labour market, and on the other hand it is an opportunity for additional earnings for people who are at the end of working life. This includes people who have lost their jobs as a result of collective redundancies, lack seniority or have part-time jobs from which they cannot earn enough.

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<sup>65</sup> Eurofound (2015), New forms of employment, Publications Office of the European Union, Luxembourg, pages 82-101

<sup>66</sup> CRPM, National Report: Adapting Industrial Relations to New Forms of Work, 2019, pp.29-30.

<sup>67</sup> Ibid



### Application software for seasonal workers

In 2019, a new system for hiring seasonal workers in agriculture was introduced in the Republic of Serbia. Employers are provided with the flexibility described above, because this model is based on the concept of the voucher system, but with improvements and application of a software solution for quick and easy registration of employment. This enables better and more efficient exchange of data between the competent institutions, as well as better control by the competent inspection bodies.

The web portal [sezonskiradnici.gov.rs](http://sezonskiradnici.gov.rs) has been in operation since January 2019. It allows employers operating in the economic sector of agriculture, forestry and fishing to make electronic registration of the seasonal workers. For that purpose, a mobile (Android) application has been developed through which the same functions of the system can be performed.

Within the new system, an information system for data exchange with several competent institutions has been developed. Namely, the system is directly connected with the service that applies for compulsory social insurance, which enables the employees who will be registered through this system to automatically exercise the right to pension insurance for each working day of the work engagement, as well as health insurance in case of workplace injury. The web portal is directly linked to the tax office, which allows the tax return to be generated automatically and submitted electronically to the employer.

The employment agency is also electronically connected to the system for hiring seasonal workers, which enables the creation of a register of seasonal workers. The register aims to connect workers and employers. In this way, workers do not lose the right to previously acquired social income and are not deleted from the records of unemployed persons kept by these institutions.

Only in the first nine and a half months, through the system for hiring seasonal workers in the Republic of Serbia, a total of 25,600 seasonal workers were registered, and for these work engagements the contributions and the personal tax were paid to the state.

These issues are regulated and are in accordance with the Law on Simplified Work Engagements on Seasonal Jobs in Certain Activities,<sup>68</sup> which stipulates that workers for seasonal work tasks can be electronically registered by legal entities and natural persons

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<sup>68</sup> Law on Simplified Work Engagements on Seasonal Jobs in Certain Activities („Official Gazette of RS”, No. 50/2018)

## 8.1. Comparative analysis of solutions for the application system of seasonal workers

From the analysis in the previous chapters, we can conclude that the biggest challenge for the Macedonian employer is the procedure for applying for employment of a seasonal worker, because the employment according to the legal set-up must be planned in advance. If the employer does not have a digital certificate and it is not able to use the electronic registration system, for this procedure he/she needs to spend more than 2 and a half hours, i.e. about 735 denars as direct (cash) cost, but also as value of his time spent if we take into account the average income of the Macedonian citizen and if for those hours he/she is productive. Due to the success of the reporting model in Serbia, we made a comparative review of the two reporting systems used in the two countries in order to identify where the differences are and analyze whether it is necessary and in what way changes would be made in our system

*Table 7: Overview of the basic features of the systems*

Obligations for the employer	North Macedonia		Serbia
	Obligations for the employer	Obligations for the employer	Obligations for the employer
Deadline for application of the seasonal worker	Before starting work. One day or for emergencies at the latest one hour before the start of work.	Before starting work. One day or for emergencies at the latest one hour before the start of work.	At the latest on the day before the beginning of the work engagement, in two shifts: 1. Until 10 o'clock for the morning shift 2. From 1 pm to 3 pm for the afternoon shift
+/-Number of steps in the application procedure that the employer takes to find the seasonal worker	6 steps	2 steps (filling in the PPR and filling in the M1 form)	1 step (filling out an application)
How many institutions does the employer contact to report seasonal worker	2 institutions ESARNM (for registering) PRO (through payroll accounting)	1, PRO (through payroll accounting)	0, because the registering is made through electronic application
Which institutions does the employer contact to pay the contributions and the tax	ESARNM PRO	0, Electronic	0, Electronic application

Estimation of time spent on administrative activities	140 - 155 minutes (directly)	10 – 15 minutes (for both forms)	10 minutes
Total direct (financial) and indirect (time) cost of administrative activities for employee registration (printing/transportation)	215 denars	0 denars <sup>69</sup>	0 dinars
Estimation of total costs related to administrative procedure until the registration of the seasonal worker in monetary units	735 denars	About 60	About 60

Source: CRPM, 2020

We can conclude that the system applied in the Republic of Serbia brings significant savings for employers expressed in time and immediate monetary costs. By connecting the data systems of the competent institutions, we notice that “over-the counter” procedures with the institutions are avoided. With the electronic system, the employer needs to enter the ID number of the employee to report it, as well as the date of engagement, the amount of the daily wage, the working hours and the shift. Additionally, this system enables fast exchange of data between the competent institutions, which in turn saves time and resources of the public administration, which conducts these procedures.

## 8.2. Comparison of the contribution and tax rates in both countries

As already mentioned, the types of compulsory social insurance contributions, as well as the rates at which contributions are calculated and paid are regulated by the Law on Compulsory Social Insurance Contributions. Through the analysis of the legal framework, we determined that different rates for calculations of contributions and personal income tax are not prescribed when it comes to seasonal employment. No special rates are prescribed in Serbia either, but that is why there is a different basis for calculating the personal income tax. The basis is the minimum wage for the day when the seasonal worker is hired. Thus, the employer does not pay taxes and contributions for the day/s when he is not working. In North Macedonia the provisions of the Law apply equally to all forms of employment.

The table below shows the basic features of the system in both countries in terms of paying taxes and contributions when hiring a seasonal worker.

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<sup>69</sup> The costs of purchasing a digital certificate for the use of the e-Employment system are not calculated.

Table 8: Overview of the basic features of systems based on the payment of taxes and contributions for seasonal workers

Contribution rate and tax	North Macedonia	Serbia
Does the system provide for a difference in terms of the level of contribution rates and the tax burden for seasonal employment?	No	Yes
Tax rate	10%	10%
Pension and disability insurance contribution rate	18.80%	26%
Health insurance contribution rate	7,50%	2% <sup>70</sup>
Unemployment contribution rate	1.20%	/
Contribution rate for additional health insurance	0.50%	/
Basis for tax calculation	Gross salary minus contributions and personal exemption	1/30 of the lowest monthly base for contributions, i.e. about 900 dinars
Basis for calculation of contributions	Gross salary	1/30 of the lowest monthly base for contributions, i.e. about 900 dinars
Is there a minimum basis for calculating contributions?	Yes	Yes
Total contribution rate and taxation of seasonal worker income	28%-35%	38%
In case the employee works 10 days a month and the cost to the employer is 10,000 monetary units, what are the duties of the state?	2,800	3,000 (300 x 10 days)
What is the load rate given in the example?	28%	30%
What is the amount of net earnings for the employee?	7,200	7,000

Source: CRPM, 2020

<sup>70</sup> In the Republic of Serbia this rate refers to insurance in case of workplace injury and occupational disease.

### 8.3. Estimation of the total cost to the employer

Taking into account the information provided in the table below, we calculate all costs that the employer has when hiring a seasonal worker:

*Table 9: Estimate the cost that the employer has when hiring a seasonal worker*

Type of cost	North Macedonia		Serbia
For 10.000 gross monetary units	Directly (over-the-counter)	Electronic system e- Employment	Електронски систем
Time required to perform the procedure	140 - 155 minutes	10 – 15 minutes	10 minutes
Cost of conducting the procedure	735	60	60
Cost of contributions and tax	2,800	2.800	3,000
Total monetary units	3,535	2.860 <sup>71</sup>	3,060

Source: CRPM, 2020

Based on the presented characteristics we can conclude that the system for hiring seasonal workers in North Macedonia is somewhat more complex and the employer has a higher level of financial and administrative burden compared to the employer from Serbia. If the counter system is excluded from the comparison, the Macedonian employer, compared to the Serbian employer has much higher costs for performing the electronic procedure because it is necessary to have a valid digital certificate issued as a PKI token and costs about 3,000 denars per year. This almost doubles the cost of registering a seasonal worker.

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<sup>71</sup> The costs of purchasing a digital certificate for the use of the e-Employment system are not calculated.

## 9. Alternatives/ models for solving seasonal work problems

Based on the research conducted within the project, we noticed that in practice there are “two categories” of seasonal workers that arise from the different needs that employers have primarily in terms of length of work engagement. We believe that when shaping the reform, the differences between the following two categories of seasonal workers should be taken into account and they should be legally separated:

- 1) Seasonal workers whose work engagement is uninterrupted throughout the year, but for a period of 6 to a maximum of 8 months. These workers are hired on a part-time basis, with an employment contract for seasonal work or through private temporary employment agencies. One characteristic of these seasonal workers is that they have no interruptions in their engagements and are mostly hired by companies in the agricultural sector. Individual farmers and family farms have less financial power, hence the number of permanently employed seasonal workers is relatively low, and most of the workers they hire are due to temporarily increased workload, i.e. seasonal workers are hired occasionally (second category).
- 2) Occasionally hired seasonal workers whose work engagement is relatively short and comes down to the need for an additional worker who appears to the employer in case of increased workload. The length of this work engagement depends on several factors: the amount of work, the size of the property, the number of workers hired in the same period by the employer, as well as the expertise of the worker himself. In general, although individual farmers and family farms need seasonal workers for a longer period of the year (up to 6 months), it is characteristic that the work tasks impose conditions for the work engagement to be relatively short, and for each production operation to require a worker for an average of 30 to 40 days. Some tasks are short-term and are repeated up to several times during the season, and the total duration of that employee's engagement reaches a maximum of 30 days during the year.

Based on the analysis, CRPM offers the following policy alternatives, and the choice comes down to three models.

## 9.1. Alternative 1 - Greater flexibility by changing the legal framework for seasonal workers

The legal framework in conditions of solid and stable offer on the labour market, in the way it is created, makes it applicable only to companies and large employers that have legal services and human resources services in charge of conducting the procedure for applying for seasonal workers. Although companies have the capacity to perform administrative procedures, they still face a problem when they need a worker for a short period of time, and for this type of engagement the current system is inappropriate. The benefits provided for in the Labour Law are not a sufficient incentive for smaller employers, individual farmers or agricultural holdings to formally employ the seasonal workers they hire. Violation of legal norms by the stakeholders seems to be necessary due to the limitations of the legal solutions and the model for reporting the established employment. The labour legislation is not flexible enough and there is no doubt that the legal framework needs to be harmonized with the needs of the stakeholders. The findings clearly indicate the need to introduce a new and flexible system for hiring seasonal workers that will meet the needs of workers and employers.

The main direction and recommendation for further development of a new system for hiring seasonal workers is to separate the seasonal engagement from employment, because very often both parties (employee and employer) have no interest in establishing employment, as understood by the Labour Law.

Due to the characteristics of seasonal work: 1) short and periodic work engagements, 2) unstable offer and demand on the labour market, 3) unpredictable weather conditions, 4) lack of labour that threatens the maintenance of production of several crops, a solution is necessary by which work engagement will not constitute employment.

Separation of seasonal work as a special type of engagement, aside of employment, will provide a formal opportunity for additional engagement for several categories of workers who essentially do seasonal work within the informal economy (retirees able to work, students, students over 15, employed persons, persons with disabilities, recipients of family pensions, recipients of social assistance, as well as persons receiving unemployment benefits). These people during the season perform seasonal work as a consequence of labour shortages, so it is necessary to be included in the state records. In that way, they will be legally protected as workers, and the employers will be protected as well, because they will have a way to report the employment.

Knowing that these are short-term engagements for which individuals agree to be involved in order to generate additional income to cover basic living expenses and taxes to the state, they should not lose the benefits already gained. Thus, both parties will be encouraged to report the work engagement to the competent institutions.

Based on the analysis of the legal framework and documenting the situation through interviews conducted with employers who employ seasonal workers, in addition we provide recommendations that can contribute to reducing the amount of undeclared seasonal work in agriculture:

## RECOMMENDATION 1: Amend the provisions of the Labour Law which regulate the seasonal work in the part of the duration of the employment contract.

### What needs to be done?

When it comes to the “first category” of seasonal workers that employers hire for a long period of time (mostly from 6 to 8 months), and taking into account the difficulties they have to find a seasonal worker, our suggestion is to introduce the possibility of concluding employment contract for seasonal work for a period of one to two years. Thus, the employee will again perform seasonal work for a maximum of eight months in 12 consecutive months, as now provided by law, but for the period in which the employee will not be employed (four months), the employer will cover part of the contributions from the mandatory social security, without being obliged to pay a salary to the employee (except by prior mutual agreement with the employee. Taking into account the unstable offer on the labour market in this way the employer will have the opportunity to keep the employee even when there is no real need for his labour. On the other hand, the employee will be sure that with the beginning of the season he will start working with the same employer again, and for the period when he will not be hired there will be health insurance, paid contributions and increased opportunities to acquire the right to a pension..

This will provide greater flexibility and opportunity for more efficient management of human resource needs, because the employee will be called to work when there is a real need for it, and in the meantime will not lose his job. Additionally, in case of a short break in the operation of the company for various reasons, the employment will not be terminated. This also happens during the collective leaves of the companies in the tobacco industry, when the seasonal workers who do not meet the conditions for annual leave, are forced to deregister them and then after a month to report them again.

Amending the provisions of the Labour Law by introducing the so-called the legal status of the employee as a “permanent seasonal worker” will enable the conclusion of the employment contract which will not be limited in terms of its duration, but only in terms of the time for which the seasonal worker will be able to be employed for a period of 12 consecutive months. Hence, by amending the Labour Law, the employer will have the opportunity to choose between two types of employment contracts that he would like to use in accordance with his needs for human resources:

- (i) To employ a seasonal worker by concluding an employment contract for seasonal work for a period not exceeding 8 months in 12 consecutive months, whereby after the end of the period for which the employee is employed the employer has no additional obligations and costs.
- (ii) To employ a seasonal worker by concluding an employment contract with permanent seasonal worker for a period of one or two years, whereby the benefit to both parties in the employment relationship will be that after exceeding the period of 8 months in 12 consecutive months, the employment will not be terminated.



## RECOMMENDATION 2: Employment of a seasonal worker without mandatory publication of a public announcement or advertising in ESARNM

### *What needs to be done?*

Amendment of the provision from Article 22 of the Labour Law has to be done, so that the public announcement for providing the need for a worker and advertising in the ESARNM system for seasonal employments will not be mandatory. In conditions of unstable labour market, unpredictable weather conditions and unfair competition, this provision is not applicable.

Having in mind that the amendment of the Law in the area of public announcement will be a clash with the provisions of the Constitution (Article 32), a recommendation that could serve in the period until the full harmonization of the legal framework would be the so-called active listings. At the moment there is a possibility for open PPR for a period of maximum 120 days, whereby the employer if he needs 20 workers and hires 10; in the remaining period he has the opportunity to hire 10 more workers. If he fills all vacancies for that period of time, it is necessary to open a new PPR. Hence, given that this possibility exists in practice, the only addition could be in terms of the duration of the active announcement, i.e. PPR, which would be extended for a period during the season.

## RECOMMENDATION 3: Digitize inspection service

### *What needs to be done?*

Digitization of the work of the inspection services for more efficient control of the implementation of the labour legislation will be achieved through data networking between the State Labour Inspectorate and the Public revenue Office, the Employment Service Agency, the Central Register, the Health Insurance Fund, the Pension and Disability Insurance Fund and the registers that keep records of registered farmers.

## RECOMMENDATION 4: Data networking between the Employment Agency and other competent institutions

### *What needs to be done?*

Data networking between ESARNM and the Public Revenue Office, the Health Insurance Fund and the Pension and Disability Insurance Fund should be introduced in order for the employer to be informed at the same time about the economic status of the person who registers in the electronic system to establish employment. In this way, the employer will receive information at the same time whether the person can be formally registered or is a recipient social benefit on the basis of a registered farmer, etc.

**RECOMMENDATION 5: Legal regulation of the conditions for daily employment in agriculture without signing a written agreement, but with the obligation to report the employee**

*What needs to be done?*

The conducted research showed that employers, in addition to long-term work engagements (mostly from 6 to 8 months), often need seasonal workers who would be hired occasionally for work tasks that are temporary in nature and impose the need to hire a large number of workers for a short period (even of few days). The performance of these work tasks largely depends on the weather conditions, as well as on whether the employee will show up at the agreed day at his place of work or not. Therefore, we believe that it is necessary to legally regulate a new way of hiring workers, which will not be an employment relationship, but will enable employers to quickly and efficiently hire workers on a daily basis.

In order to achieve greater flexibility and efficiency in the procedure, our proposal is to establish a daily work engagement to be enabled by concluding an oral employment contract, with the obligation for the employee to be reported to the competent services before starting work. In order to prevent possible abuses, it is necessary to determine the total number of working days for which the seasonal worker can be hired in this way. If we take into account the results of the analysis, we will notice that the daily seasonal workers are hired for a period of 15 to 100 days; hence our proposal is to set this limit to 120 days. (i.e. 4 months).

**RECOMMENDATION 6: In case of unfounded employment, for daily seasonal workers, to exclude the financial implications for the employer**

*What needs to be done?*

When deregistering the daily seasonal workers due to non-employment (if he does not show up for work after the employer registers him), to stop withdrawing funds for payment of contributions. Termination of employment should not have financial implications for the employer.

## 9.2. Alternative 2 - electronic registration and deregistration of seasonal workers in agriculture and register of seasonal workers (web system and smartphone application)

In addition to the possibility of concluding a written contract for hiring seasonal workers, and in accordance with the recommendations for introducing a legal possibility for daily employment of workers without the obligation to conclude a written contract (with mandatory registration of employment before the start of work), it is necessary to decide on how the employee will be reported to the competent institutions. The first way we suggest is to conduct this procedure through an electronic application of the employee through the development of a web system and/or a smartphone application.

The application of this model requires the development of a software solution that will enable electronic registration (and deregistration) for the established seasonal work engagement with the competent institutions. The employer is required to have created his own account on the platform (website / phone (Android) application) where he will submit the necessary (personal) information. This will enable the collection and filtering of data on employers who hire seasonal workers. The employer can be a natural or legal person (an authorized person).

After creating the account, the employer is required to log in by entering their username (or email address) and password in order to use the services provided through the platform. Thus as an employer, he has the opportunity to register/deregister seasonal workers through the electronic system. By cross-referencing the data of persons who prefer to do seasonal work by creating a register of available seasonal workers, he will be able to review and directly contact persons who are interested in doing seasonal work. By selecting the option from the seasonal worker application system, the employer will have the opportunity to enter the ID number or the personalized unique code<sup>72</sup> of the seasonal worker to access the profile of the seasonal worker, i.e. to register it. During each engagement, the procedure is repeated, and it can be conducted using a personal or laptop computer, as well as a smartphone. The software solution is simple to use. The employer has a calendar review by days, where in each field he is enabled to review the number of hired persons, i.e. he can plan the number of employees in advance. The workers can be hired in two shifts, and in case of weather disasters, the cancellation of the work is foreseen. After completing this procedure, the employer determines the duration of the work engagement, the shift (first or second shift), the employee's working hours and the amount of the hourly wage (per diem). Considering that a large part of the worker prefer to receive the funds at the same time after the completion of the work tasks, in order to avoid using cash as a method of payment, it is necessary to harmonize the system with the

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<sup>72</sup> The option to introduce a personalized unique code for the seasonal worker will provide greater protection of personal data for the persons who are hired. This code can be generated through the registration of persons in the register for seasonal workers or after the first registration of the seasonal worker.

Home Payment Cards (I Buy Home) owned by the citizens. In that way, the employer will be able to pay the employee by non-cash payment method if the does not have a bank account.

People who want to do seasonal work need to register in the Register for seasonal workers or directly (over the counter) at the Employment Center. The registered employer will have the opportunity to overview the list of seasonal workers from the register and will be able to contact and hire the employee. The register for each employee will have a separate profile with general data, information about his previous engagements, average grade that will reflect the level of satisfied employers from his previous engagements, professional qualifications that the employee has, certificates that can be obtained within the system, and after previously issued certificates that will serve as evidence (e.g. Certificate of Production of Organic Food, etc.), etc. By introducing a register of seasonal workers, it will be possible to cross the offer and demand of the seasonal labour market, and if during the development of the software solution it is considered appropriate, when registering in the register of seasonal workers, the system will create a unique personalized code for each worker of through which the employer will be able to register the person in the system. It is recommended that the register should be kept by the ESARNM, because the persons who perform seasonal work recognize it as a competent institution, which will facilitate the way of registration. Additionally, so far seasonal work engagements have been reported through the Employment Agency, hence we believe that in the transition period until its complete reform and introduction of the Single Register of Socially Insured Individuals (See Chapter 7), this institution should be responsible for managing the electronic system, as well as with the register of seasonal workers and employers. After the establishment of the Single Register and the new legal entity in whose management this register will be given, we consider that entity to be the most appropriate to take full control of the management of this electronic system. Thus the registration and deregistration of employment, as well as the establishment of seasonal work engagements will be part of the same system in which the exchange of data between the competent institutions will take place smoothly.

If the employer gets in touch with a person who wants to do seasonal work and does not have his own profile in the register of seasonal workers, he can report the employment by entering the personal identification number in the system, by automatically taking the personal data at the same time for the person from ESARNM and MIA databases. This means that by entering this data in the system, the employer will enter the person in the register of seasonal workers and the employee will be able to use his profile for future work engagements.

Taking into consideration that ESARNM when registering and deregistering employment through the electronic system e-Employment, withdraws the data from the Central Register (for legal entities) and from its databases (for employees), it is necessary to further harmonize and network this system with the electronic system managed by the Employment Agency. Thus, for most of the persons who perform seasonal work, by entering the personal identification number from the databases of the Employment Agency, the information about the employee will be withdrawn, and for a relatively short period of time, the register will be created based on it .

It is necessary to take into account that signing a written contract for seasonal work is a complex procedure for the average agricultural employer, especially if it is a short (daily) work engagement. Hence, our proposal is not to make a contract, but the electronic system to automatically generate

confirmation for seasonal work. The certificate will be issued upon request by the employee, and the electronic system will create it based on the data about the employee that the employer has previously entered in the procedure for registering the employment. This document will be issued electronically (in PDF form) and delivered to the employee by email or the employer will print it in paper form and hand it to the employee in person.<sup>73</sup> By digitalizing this step, on the one hand, the workers will be enabled to receive proof of doing their job with a certain employer, and on the other hand, the employers will perform this procedure without additional effort, i.e. the need for compilation and printing more copies of the contract, which will simplify the procedure itself.

This model is developed and recommended on the basis of the electronic system applied in the Republic of Serbia, where by simply entering the data for the employee in the system, i.e. through the personal identification number, the job engagement is reported.

### 9.3. Alternative 3: electronic application for employment through electronic system and use of daily coupon (voucher)

The alternative 3, as a way to register seasonal workers for daily work engagement, includes the parallel introduction of an electronic system for registering seasonal workers and the use of daily coupons (voucher system) which would be intended primarily for those employers who do not have the habit and skills to use electronic systems and devices.

The application of this model requires the development of a software solution that will enable electronic registration (and deregistration) for the established seasonal work engagement with the competent institutions. The employer needs to have created his own account on the platform (website/phone (android) application) where he will submit the necessary (personal) information. This will enable the collection and filtering of data of employers who hire seasonal workers. The employer can be a natural or legal person (an authorized person).

If it is determined that there are difficulties for full and proper application of the electronic system, primarily by individual farmers and representatives of family farms due to limited skills to use digital tools (personal computer/laptop, smartphone, smartphone applications, etc.), in addition to the electronic system, payment for service can be introduced using a daily coupon (voucher). The daily coupon can serve as a way to pay for the service of the seasonal worker according to the same conditions and duration as through the electronic application. The application of this additional way of hiring seasonal workers can be a period of adjustment for the Macedonian farmer before the transition to full digitalization, i.e. application of the electronic system.

The daily coupon payment system is easy to use and apply. The employer will be able to buy a "booklet" issued by an authorized institution (available in every bookstore and traffic shop) which contains the number of daily coupons that he has the right to use during one season. The daily coupons

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<sup>73</sup> The certificate can also be delivered to the employee's home address.

are in two identical copies (indigo), one of which remains with the employer as proof of payment, while the second is given to the employee as a means of payment and proof of his engagement. Each daily coupon is marked with a unique serial number, and in each copy the employer is required to enter the personal data of the employee (name and surname), personal identification number, duration of the engagement, amount of hourly wage (per diem), shift in which the employee will work, working hours, as well as the date when the work is performed. The price of one voucher will be the equivalent of paid contributions and tax for one working day in which the employee will be engaged and the price of the costs for making and issuing the vouchers. Thus, if the employer prefers to hire the employee for ten working days, he will have to buy ten daily coupons, having already paid the contributions to the state in advance. The second way is to determine the optimal value of the voucher book (value for making it as a paper document), by withdrawing the contributions and the tax for the performed engagement from the bank account of the employer at the moment when the employee withdraws his funds for the work done.

The employee agrees with his employer the price for his labour, which cannot be lower than the minimum hourly wage paid in the country, determined on the basis of the average wage paid for the previous year. The amount of the per diem is entered in the voucher. This suggestion is intended to protect the worker and his labour. The employee withdraws his earned funds directly from the employer's bank. The funds for payment of the value of the voucher are withdrawn directly from the bank account of the employer. The bank in the electronic system for registration of seasonal workers by entering the unique code of the employee and/or the personal identification number of the employee enters the number of days for which the employee is paid on the basis of the attached vouchers. This registers the length of service of the seasonal worker for whom the contributions are paid. Once a year, the employer is obliged to submit a copy of the vouchers of the hired seasonal workers during the year, to the Employment Agency, i.e. the new legal entity authorized to register and deregister and keep the Single Register of Insured Individuals after the implementation of the system reform. Hence, the voucher is in two copies, one for the employer which is submitted to the Employment Agency and one for the employee with which the payment of the earned funds from the seasonal work is made.

The concept from Model 2 remains regarding the electronic application.

#### 9.4. Recommended model

The models are different in the way they are applied and can be adjusted in practice to meet the needs. They are developed on the basis of the characteristics of the seasonal work in agriculture and provide a high degree of flexibility, i.e. conditions for establishing a short (daily) work engagement in a fast procedure, without establishing an employment relationship.

The aim is to provide a favorable way to manage the needs for human resources that employers have in conditions of unstable labour market, but also to protect workers, i.e. to gain the right to health insurance in case of injury at work, and to increase the possibility for their employment by registering in the register for seasonal workers.

Due to specifics of the situation in the country, alternative 1 in combination with model 2 is recommended, because in this way all the problems are solved: the difficulties to get seasonal workers, the need for support in a form of a register of people who want to work seasonal work and cash-in-hand payments as well as tax evasion and insurance for workers. Implementation of the alternative 1 is a prerequisite for implementing any of the other models, including the recommended model 2.

## 10. Further steps

Once the appropriate model has been selected, the next step is to reform the system by adopting a new law that will contain provisions that will regulate all issues arising from the seasonal work engagement in this sector or activity. The law is necessary to enable the separation of seasonal engagement from employment and obligations arising from employment, which are regulated by the Labour Law.

It is necessary to cover and properly arrange a series of issues for smooth implementation of the new model that will contribute to solving the problems faced by workers and employers, but will also help the state in the fight to reduce the size of the shadow economy.

Issues to be regulated by the law on hiring seasonal workers in the agricultural sector:

- The engagement according to this law is separated from employment relationship (employment). In this way, the person who performs seasonal work in accordance with the new law, will not be deleted from the records of unemployed persons, and will not lose the social benefits acquired on a different basis.
- In order for the persons who will be hired in this way to be protected as workers, it is necessary for the legal solution to be harmonized with the appropriate legal framework in the field, i.e. the law to refer to protection of employee rights from the Labour Law, Law on Safety and Health at Work, etc.
- Clear definition of seasonal work, what it means, what are its characteristics and for which seasonal production operations the application of this work engagement will be enabled.
- Defining the term employer in terms of this law (natural and legal person)
- Defining the term seasonal worker in terms of this law.
- Regulation of manner of registration and deregistration of the seasonal worker (e.g. Electronic system for registration and reporting).
- Defining the necessary conditions, the data required for the application of the employee and other issues of importance for the proper application of the system.
- Arranging the procedure for establishing and terminating the work engagement between the employer and the seasonal worker.
- Determining an oral employment contract.
- Providing legal conditions for termination of employment due to weather disasters, i.e. conditions in which the employment cannot be achieved.
- Calculation of the rates of contribution and taxes that the employer should pay to the state for establishing employment with a seasonal worker.<sup>74</sup> This means determining the amount of the rates, as well as regulating the manner in which the payment of these funds will be made through the system to the appropriate fund and the Public Revenue Office.

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<sup>74</sup> It is necessary in consultation with the competent institutions regarding this issue to determine whether the rates for calculating contributions should be determined by a legal solution of this type or to amend the Law on Compulsory Social Insurance Contributions.



- Limitation of the duration of the work engagement for performing seasonal work. The restriction is based on the needs arising from the production process of agricultural crops (usually intensive work is done for a period of six months - 180 days). In this way, an abuse will be prevented, i.e. if the employer has an increased workload for a longer period of time, he will use the method of hiring a seasonal worker, according to the Labor Law.
- Determining a day off, during work engagement for a period of more than days.
- Providing a legal possibility for establishing a work engagement between the employee and the employer without signing a written contract. The rights and obligation of both parties will arise through the registration of the employee in the electronic system. Thus, all competent institutions will have records of the established work engagement. If both parties have an interest in concluding a written contract and the employee needs to issue a certificate, the possibility of concluding a contract and issuing proof that the employee has worked for the employer will be provided.
- Determining the manner of payment for the employee's labour. There is a possibility to exclude and complement between the two ways: in cash or in a bank account.
- Adjustment of working conditions.
- Arranging the conditions for safety and health at work and introducing the employee to the risks that exist for his health.
- Arranging the obligation of the employer.
- Arranging the obligation of the seasonal worker at the workplace.
- Rest time and meal break.
- The right to health care in case of injury at work.
- Creating a register of seasonal workers and arranging a responsible institution that will keep this register. Seasonal workers will be entered and deleted in the register according to the necessary conditions provided by the legal framework. Such a register will contribute to linking the offer and demand for seasonal labour in the labour market.
- Establishment of a competent body for exercising control over the application of the provisions of this Law (State Labour Inspectorate). In order to harmonize the legal provisions, it is necessary to regulate this issue with the appropriate law under which the SLI sets.
- Harmonization of the penal provisions with the Law on Violations and the Law on Prohibition of Undeclared Activity.
- Establishing a legal basis and obligation for networking and exchange of data between the competent institutions that will be included in the electronic system for registration of seasonal workers. Institutions that could be involved and exchange data are the PRO, the Central Registry, the Ministry of Internal Affairs, the ESARNM, the HIFM, the PDIF and the relevant registers that keep records of registered farmers. The data for effective control over the implementation of the provisions of the law are also shared with the SLI.
- Establishment of a competent institution for collecting relevant data (State Statistical Office).

## 10.1. Conducting trainings for informing the users

The competent institutions will be required to provide training for information and proper application of the new system in which stakeholders will participate. For greater effectiveness, this activity needs to be implemented in cooperation with non-governmental organizations. In this way, the advantages that follow by applying the model for registering seasonal work engagement will be pointed out. At the same time, we will work on the improvement of the level of awareness of seasonal workers regarding the rights and obligations they have from the reported work engagement.

In this way, the stakeholders will be trained in the use of the system, but also begin to raise their awareness of reporting each job engagement, the benefits of reducing the volume of undeclared work in the country, as well as the benefits of applying honest business practices in their operations.

## 11. Conclusion

With this study we tried to help identify opportunities for how to increase employment in the countries of the region, with special emphasis on exploiting the potential for hiring seasonal workers in agriculture. For all of us, the development of agriculture is important because together with hunting, fishing it is one of the most important economic sectors in terms of share in GDP in the country. Through the analysis of the number of employees we pointed out that there is a seasonal character in agriculture. Seasonal work in agriculture is usually done within the informal economy. What is especially important is that there are no precise records for seasonal agricultural workers. Undeclared work is usually manifested by not signing a contract with the employee and non-payment of compulsory social security contributions, signing a contract with hidden clauses (salary in an envelope or an additional contract) which avoids payment of social contributions in the appropriate amount of the real (undeclared) salary. Consequently, these people do not enjoy the labour rights they would have acquired if they had established a formal employment relationship. In this way, the well-being of the workers in the sector is seriously endangered. It is a problem for the authorities that these workers are often not reported to the institutions as employees. Undeclared work has an impact on the rule of law. Avoidance of taxation and payment of social contributions by employers affects the level of public services and the exercise of rights financed through public duties related to the reported work. The data show that the trend of non-reporting of workers in this sector is increasing from year to year.

Employers, on the other hand, face severe labour shortages. Seasonal work is unsafe and does not motivate young workers to be employed in this activity. In addition to a skilled workforce, there is a shortage of workers without certain skills. Employers are forced to hire everyone who is willing to work. Agriculture is generally not a competitive activity, and other sectors are more attractive, with better working conditions and higher incomes. In recent years, employment in Technological Industrial Development Zones has become frequent. In the areas where free economic zones were opened in which foreign investors started productions, employing the entire available skilled and unskilled labour force, there is a withdrawal of seasonal workers from groups that were not previously hired.

A seasonal employment contract can be concluded with an employment contract for seasonal work and by using the services of temporary employment agencies. However, the complex administrative procedure for registering an employee and its duration are the biggest reasons for not registering seasonal workers in agriculture. There are no significant benefits that would motivate employers to report every employment relationship with a seasonal worker. We also pointed out that the unforeseen need for a worker in agriculture, as well as the basic characteristics of seasonal work are not taken into account. From the analysis of the laws we found out that there is no difference in the amount of calculation of contributions between standard and seasonal employment. Even for a one-day work engagement, the same contributions and the amount of personal tax are calculated. On the other hand, farmers currently rarely use the services of temporary employment agencies to find seasonal workers.

Informal labour in the sector is mainly tied to small employers who have limited human and administrative capacity, but also money to comply with legal regulations. For them, the procedure for

registering seasonal workers is overwhelming and time-consuming. Due to labour shortages, unfair competition and intermediary costs are high. For seasonal workers, the reported employment is not an added value, but a risk of losing the social benefits they already enjoy (cash benefits due to unemployment, social assistance, pension, student scholarship, etc.) For these workers, cash-in-hand payment at the end of the working day is only acceptable. They believe that undeclared seasonal work in the country is due to the non-functioning of public institutions responsible for control, including labour inspection. They feel manipulated by employers who constantly promise them that their employment will be reported. They want to have a permanent job, but due to the limited “good” offer, they accept shorter work engagements as seasonal workers because they have no other solution to solve their existential issue.

Large companies report seasonal workers, but face challenges of a different nature. One problem is the use of workers’ annual leave when seasonal work is to be performed during the company’s collective leave. Another problem is the low level of networking and exchange of data between the competent institutions, where on the public job announcements in the companies, persons who are registered farmers apply, and who according the legal regulations must not be registered. Another problem is that the employee must be registered before starting work, and he often changes his mind and does not show up at work. In this case, the cost of the mandatory medical examination is non-refundable. The problem for the companies is that there is no difference in the procedure whether the employee works for several hours, days or months.

Labour legislation is not flexible enough. The legal framework is applicable only to companies and large employers that have legal services and human resources services in charge of conducting the procedure for registering seasonal workers. The benefits provided for in the Labour Law are not sufficient incentive for smaller employers, individual farmers or agricultural holdings to formally employ the seasonal workers they hire. It is necessary to introduce a new and flexible system for hiring seasonal workers that will meet the needs of workers and employers. The model would allow expanding the category of workers who can be formally hired to do seasonal work. It is necessary to separate the seasonal engagement from the employment, because very often both the employee and the employer have no interest in such a relationship, as implied by the Labor Law. This will provide a formal opportunity for additional engagement for several categories of workers who are essentially constantly doing seasonal work within the informal economy (pensioners, students, students over 15, employees, people with disabilities, family pension recipients, social assistance recipients as well as persons receiving unemployment benefits). For short engagements to generate additional income, those persons should not lose the already gained benefits.

For greater flexibility and the possibility for more efficient management of the needs of human resources, it is necessary to amend the provisions of the Labour Law which regulate the seasonal work in the part of the duration of the employment contract. In case of urgent and unavoidable engagements, we recommend that there is no obligation to sign an employment contract. It is important in an unfounded employment to exclude financial implication for the employer. Hiring a seasonal worker without compulsory publication of a public announcement or advertising in the ESARNM system is also necessary, as well as digitalization of inspection services with data networking between the State Labour Inspectorate and the Public Revenue Office, Employment

Agency, Central Insurance Registry, Health Insurance Fund, The Pension and Disability Insurance Fund and other relevant registers that keep records of registered farmers.

Taking into consideration the positive experiences from Serbia, and based on the findings moved in the analysis, we suggest an introduction of an electronic system for registration and deregistration of seasonal workers. Additionally, there is a need for a register of seasonal workers through which employers would access the workforce when needed. By using it, the register will be constantly "fueled" with new data that will contribute to its growth and wider application. In essence, this is a new model for simplifying the procedure for employment / hiring of seasonal workers where the employer will be required to enter the basic data about the employee and in a very short period of time to establish formal employment. They are not obliged to sign a mutual agreement, and the system itself will generate a confirmation of the completed work based on the previously entered data by the employer. Additional suggestion is also the payment with a daily coupon (voucher), which can be a transitional period towards full application of the electronic system.

The reforms we analyzed will simplify the procedure for applying for seasonal workers and will contribute to the formalization of seasonal work in the country, which is in line with the strategic goals described in the Strategy for Formalization of the Informal Economy in the Republic of Macedonia, 2018-2022. We recommend legal changes due to increased flexibility in the labour market for seasonal work in combination with the introduction of an electronic system for registration of workers and a voucher system for payment of seasonal labour. We believe that it is necessary to adopt a new law that will contain provisions that will regulate all issues arising from the seasonal work engagement in this sector of activity. The new law will contribute to solving the problems faced by workers and employers, but will also help the state in the fight to reduce the size of the shadow economy. The reforms will require the competent institutions to organize trainings for information and appropriate application of the new system in which the stakeholders will take part.



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