



## „New Forms“ of Employment, A Challenge for Social Security System

**Biljana Todorova, Ph.D.<sup>1</sup>**

*Faculty of Law, University "Goce Delcev", Stip*

### **Abstract.**

The social protection system faces challenges to provide full and effective coverage for workers in all forms of employment, including those in „new“ forms of employment like part-time work, temporary work, fixed-term work, casual and seasonal work, self-employed people, independent workers, and homeworkers. Although the number of workers in non-standard employment has grown significantly over the past two decades, these workers continue to be regarded as being in „atypical“ employment. The big challenge for social protection is to keep up with the pace of change. For social security systems, the effects of „new“ forms of employment threaten the financial sustainability of contributory programs. It also creates the need to extend legal coverage to new categories of workers. This paper aims to see the challenges for the traditional financing of the social protection program of workers engaged in „atypical“ forms of works who often face social protection gaps.

Applying the comparative-legal method will enable us to see the positive-legal solutions that exist in the social security systems of the EU Member States, as well as whose solutions and experiences our country should follow. To discover the content of the norms dedicated to the social insurance of non-standard workers, the paper will use the dogmatic method and sociological method. For the analysis, the decryption method will also be used.

**Keywords:** labor markets, non-standard employment, social protection gaps, work.

### **1. Introduction**

Social insurance coverage plays a key role in protecting workers in non-standard employment, in particular by ensuring income security and access to health care. Such coverage is particularly important during transitions from one job to another, as it is not linked to a specific employer. However, not all workers in non-standard employment are covered by social insurance. Coverage depends on the rules set out in national legislation and on the way these

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<sup>1</sup> Associate Professor at Faculty of Law, University "Goce Delcev", Stip, Republic of North Macedonia

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rules are implemented and enforced. Some categories of non-salaried workers may not be covered at all or may face particular challenges.<sup>2</sup>

From an embryonic institution limited to only a few countries in the wake of the twentieth century, social security developed into one of the main social institutions of today's societies more so industrial societies. It played a key role in the quest for greater protection from uncertainty, disease, and deprivation shared by all nations and peoples of the world. From an instrument of social control providing minimum standards of wellbeing to people in dire circumstances, social security has evolved into an instrument for promoting economic development, social cohesion, and democracy. International labor standards on social security help materialize the aspirations outlined in the Universal Declaration of Human Rights that the fundamental human right to social security be protected by the rule of law. They aim to strengthen social cohesion by promoting solidarity between active and non-active members of society, between rich and poor and between the present and future generations.

Non-standard forms of employment had developed in industrialized countries at the same time as permanent waged employment had decreased, the growth of part-time employment had been generally stronger than the growth of more regular employment and attracted mostly women workers with inferior protection as regards dismissal, hours of work and social security.

Today, non-standard forms of employment are on the rise in many countries, including the Republic of North Macedonia. The quest for competitiveness in the context of rapid globalization has further expanded and deepened the adoption by businesses of lean and mean flexible production systems and a flexible workforce. The need for numerical flexibility as a way to reduce the cost of longer-term employment is the main driver behind the decision of companies to use non-standard forms of employment. The demand for further flexibilization of the workplace comes with the need for an adaptable and disposable workforce. A truly flexible labor market only exists when there are few labor force regulations in place. When this is the case, employers can set wages, fire employees, change their work hours at will, and include workers in social security.

Non-standard employment is most often characterized by the following features: fixed or short-duration employment contract; lower wages; limited or absence of social security benefits; work at multiple worksites; low-skill job requirement without career prospect; overrepresentation of women and young workers; and lack of organization. In short, non-standard employment — i.e., contract work, outsourced work, agency supplied work, agency-hired work, labor contracting, seasonal work, project-based work, casual work, „bogus“ self-employment, etc. — is largely precarious work.<sup>3</sup> Balancing employers' need for flexibility and workers' security is a tough challenge. Providing a clear and coherent regulatory framework on the use of nonstandard employment that specifies boundaries and limitations where such type of employment can be used is one attempt to address this difficult balance. Finally, since many non-standard workers are outside the

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<sup>2</sup> International Labor Office, Geneva. (2016). *Non-standard employment around the world* - Understanding challenges, shaping prospects, p. 323.

<sup>3</sup> Serrano, M. R. (2014). *Between Flexibility and Security, The rise of non-standard employment in selected Asian countries*, Friedrich-Ebert-Stiftung, p. 1-2.

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coverage of social security, universalizing the coverage of social security and healthcare is an important policy agenda.

How we define non-standard employment today is exactly the opposite of the Fordist model of standard employment that peaked in the 1950s.<sup>4</sup> Non-standard work, particularly temporary agency work, is sensitive to the ebbs and flows of an economy. Triangular employment relationships created through the use of temporary agency work, dispatch work, labor outsourcing, etc., may exist at different layers of the contracting or subcontracting chain as user enterprises or service buyers can also be a contractor of the principal or a subcontractor of the principal's contractor. To the extent that most workers in these types of the employment relationship are in precarious working conditions, this suggests that the degree of precarity gets higher as the contracting and subcontracting chain goes down the value chain.

The employers hire workers on non-regular contracts for a variety of reasons: variability of demand, reduction of workforce and concentration of resources on core business.

Trade unions utilize a variety of strategies to address the representational and protection needs of non-standard workers. Among the trade unions, there is both a high level of awareness of the diverse interests of different categories of workers, particularly nonstandard workers, and a high level of willingness to innovate representation models for non-standard workers, including those who are in triangular employment relations.

Pushing for legislation that aims at closing or narrowing the protection gap in labor laws for non-standard workers are also key in addressing the need for security of non-standard workers.<sup>5</sup> Should existing schemes or programs be reformed or should new ones be introduced?

## 2. Social Security Standards and the International Labor Organization

Social security is a basic human right enshrined in major international instruments such as The Universal Declaration of Human Rights (1948); The International Covenant on Economic, Social and Cultural Rights (1966); The Declaration of Philadelphia (1944) and Conclusions concerning social security (adopted by the International Labor Conference, 89th session, 2001). In relation with other policies, social security contributes to improving productivity and employability, and to economic development. For employers and enterprises, social security helps to maintain a stable workforce that can adapt to changes. The Conventions and Recommendations which make up the ILO's standards framework on social security are unique: they set out minimum standards of protection to guide the development of benefit schemes and national social security systems, based on good practices from all regions of the world. They are therefore based on the principle that there is no single model for social security, and that it is for each country to develop the required protection. For this purpose, they offer a range of options and flexibility clauses for the progressive achievement of the objective of the universal coverage of the population and social risks through adequate benefit levels. They also set out guidance on the design, financing, implementation, governance, and evaluation of social security schemes and systems, under a rights-based

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<sup>4</sup> Ibid, p. 7.

<sup>5</sup> Serrano, M. R. op. cit. p. 5.

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approach. In a globalizing world, in which individuals are exposed to ever-greater economic risks, it is clear that a significant national policy of social protection can contribute to attenuating the many negative effects of crises.

Up-to date ILO social security standards are comprised of: The Social Security (Minimum Standards) Convention, 1952 (No. 102); The Equality of Treatment (Social Security) Convention, 1962 (No. 118); The Employment Injury Benefits Convention, 1964 (No. 121) and the Employment Injury Benefits Recommendation, 1964 (No. 121); The Invalidity, Old-Age and Survivors' Benefits Convention, 1967 (No. 128) and the Invalidity, Old-Age and Survivors' Benefits Recommendation, 1967 (No. 131); The Medical Care and Sickness Benefits Convention, 1969 (No. 130) and the Medical Care and Sickness Benefits Recommendation, 1969 (No. 134); The Maintenance of Social Security Rights Convention, 1982 (No. 157) and the Maintenance of Social Security Rights Recommendation, 1983 (No. 167); The Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168) and the Employment Promotion and Protection against Unemployment Recommendation, 1988 (No. 176); and The Maternity Protection Convention, 2000, (No. 183) and the Maternity Protection Recommendation, 2000 (No. 191). Drawn upon the model of Convention No. 102, the other seven conventions mentioned-above offer a higher level of protection, both in terms of the population covered and of the level of benefits. Convention No. 168 was not elaborated with the interests of the developing countries in mind but served the purpose of activating the labor market and adjusting unemployment benefits to the emergence of more flexible forms of employment.

What needs to be clearly stated here, however, is that the current ILO mandate in social security, as reaffirmed and updated by the Declaration on Social Justice for a Fair Globalization of 2008, has largely outgrown the standards with which it has to be implemented. The available means is no more sufficient to meet the new ends. This is particularly evident as regards the objective of extending social security coverage to all, beyond the formal economy to the masses of the population living in abject poverty and insecurity, which is placed at the heart of the ILO's mandate and mission.<sup>6</sup>

### 3. Social Security and standard vs. non-standard employment

Social security systems constitute an important investment in the well-being of workers and the community as a whole and facilitate access to education and vocational training, nutrition and essential goods and services. Effective social security systems guarantee income security and health protection, thereby contributing to the prevention and reduction of poverty and inequality, and the promotion of social inclusion and human dignity. They do so through the provision of benefits, in cash or in-kind,

intended to ensure access to medical care and health services, as well as income security throughout the life cycle, particularly in the event of illness, unemployment, employment injury, maternity, family responsibilities, invalidity, loss of the family breadwinner, as well as during retirement and old age.

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<sup>6</sup> International Labor Conference. (2011). *General Survey concerning social security instruments in light of the 2008 Declaration on Social Justice for a Fair Globalization*, 100th Session, p. 13.



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In further harmonizing of the national legislation with the *acquis* and in line with recent European Union initiatives, such as the European Pillar of Social Rights, the Republic of North Macedonia has already taken action to extend social security coverage to workers in less protected forms of employment. Yet, there often remain significant disparities in terms of access to social protection between workers in permanent full-time employment and those in other forms of employment.

Social security is a minimum labor standard for what we call today's standard employment or regular full-time employment or work. It's referred as the type of employment or work that emanated from the Fordist model of production developed in the early 1900s in America by Henry Ford, the founder of the Ford Motor Company. The Fordist model of production later spread around the world, peaking in the 1950s. Fordism became synonymous with standardization: „a standard product produced by standard machinery using standardized methods and standardized human labour for a standard working day”.<sup>7</sup> Moreover, Fordism, though initially antiunion, began to embrace in the 1940s a more pluralistic managerial ideology, which recognized the legitimate role of trade unions at the workplace. This came however after many years of a bitter struggle for union recognition by Ford workers in the United States of America and the United Kingdom. Thus, under Fordism, the standardization of work resulted in full-time permanent and unionized employment, especially of male ‘breadwinner’ workers. Edgell (2012) lists the key features of work or employment under the Fordist production system: job security, expectations of rising living standards through high wages, workplace participation of workers, the presence of strong trade unions, free collective bargaining, and a strong welfare state (i.e., welfare benefits provided by the state). These key features of work under Fordism sum up how we conceptualize standard employment today: “Work in the form of full-time employment involving a contract that typically includes regular pay for a specified number of hours and a range of benefits, notably sick pay and a pension”.<sup>8</sup> After peaking in the 1950s, Fordism went through a crisis of profitability and began to decline in the 1970s.<sup>9</sup>

In the meantime, the literature on non-standard work has grown exponentially over the past few years.<sup>10</sup> This reflects the perception that the incidence of nonstandard work is growing; and also a concern that it may have adverse consequences – not only for the welfare of workers and their families but also for labor market efficiency (which might offset its potential benefits to employers in terms of increased flexibility). Despite the growth of interest in non-standard employment, there is as yet no universally accepted definition of it. „Non-standard forms of employment” is an umbrella term for different employment arrangements that deviate from standard employment. They include temporary employment; part-time and on-call work; temporary agency work and other multiparty employment relationships; as well as disguised employment and dependent self-employment. Non-standard employment features prominently

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<sup>7</sup> Doray. (1988).; cited in Edgell. (2012). p. 96.

<sup>8</sup> Ibid, 246.

<sup>9</sup> Serrano, M. R. op. cit. p. 11.

<sup>10</sup> See Emmenegger et al. (2012); Koch & Fritz (2013); Eichhorst & Marx (2015).

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in crowd work and the gig economy. The increase in non-standard forms of employment in the past few decades has been driven by a variety of forces, including demographic shifts, labor market regulations, macroeconomic fluctuations, and technological changes. In some instances, non-standard forms of employment accommodated such changes and allowed more workers to get integrated into the labor market, in others, they posed challenges for working conditions and performance of companies, as well as for the overall performance of labor markets, economies, and societies. While digital labor platforms are a product of technological advances, work on these platforms resembles many long-standing work arrangements, merely with a digital tool serves as an intermediary.<sup>11</sup>

Social protection plays a particularly important role for workers in non-standard employment, as it can allow them to enjoy a higher level of income security in the transition between jobs, compensate for low earnings and ensure effective access to health care and other social services. It is therefore essential to look at policy options for reducing workers' vulnerabilities and to look at how social protection systems can better address the needs and particular circumstances of this group. Ensuring, to the extent possible, equal treatment of standard and non-standard workers is key to extending social protection and thus reducing insecurity for workers in non-standard employment.

Activation policies adopted in our countries over the last decades resulted in an increased incidence of contractual flexibility and discontinuous career paths. Our country seems to encounter difficulties in coping efficiently with these flexible forms of employment, which require adapting existing social security schemes to these atypical conditions of employment. As the *National report for Adaptation of industrial relations to new forms of work* suggests, workers' vulnerability is not always captured by official data, since some categories are not entitled to unemployment allowances.<sup>12</sup> This trend has led to situations where many workers were obliged to accept precarious work and were left without social security coverage. Part-time and discontinuous employment do not fit the traditional earnings-related contributory social security schemes usually designed to serve a conventional career pattern of full-time lifelong employment followed by full retirement. Access of the affected groups of the population to social security and the adequacy of future benefits, therefore, need to be duly taken into consideration, where appropriate, in conjunction with measures taken to the flexibility of the labor market.

## 4. Negative personal and family impacts for workers in non-standard work

Ensuring universal social protection for the future of work will require closing coverage gaps and adapting to the evolving realities of the world of work, such as the emergence of workers in new forms of employment, as well as the specific situation and needs of such workers, in order to realize the right to social security for all. This will not only guarantee fairness and better protection for workers and their

<sup>11</sup> ILO, *Non-standard forms of employment*. Available: <https://www.ilo.org/global/topics/non-standard-employment/lang--en/index.htm>, accessed: 12.01.2020.

<sup>12</sup> Национален извештај, *Прилагодување на индустриските односи кон новите облици на работа*. (2019). p. 6. Available: <http://www.crpm.org.mk/wp-content/uploads/2019/07/MK-Prilagoduwanie-na-industriskite-odnosi-kon-novite-oblici-na-vrabotuvanje-5-FINAL-%D0%9E%D0%9A.pdf>

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families but also create a more level playing field for different forms of employment and facilitate labor market transitions and labor mobility.<sup>13</sup>

Non-standard employment provides access to the labor market for people who would otherwise be excluded, because of caring responsibilities for example, and who are sometimes subject to lower taxes and contributions. On the other hand, these forms of employment are associated with risks such as lower job security, weaker career progression, lower-income, limited access to on-the-job training, and limited access to social protection - especially unemployment benefits - and poor access to mortgage and other forms of credit. Non-standard employment is often a controversial issue between employer and worker organizations. Trade unions fear that as non-standard employment, including new forms of work, becomes more widespread and competes with more traditional forms of work, it will result in poorer working conditions overall. Employers mainly see the advantages associated with these forms of work, such as flexibility and lower costs.

Rather than making a distinction between standard and non-standard employment, most discussion of labor markets in the Republic of North Macedonia has focused on whether employment is formal or informal. On the other hand, many workers find themselves having to take up unattractive jobs that tend to be informal and are characterized by low pay and little or no access to social protection and rights at work. Significantly, 133.777 people or 18, 5 percent of the total number of employees in 2016 were workers in subsistence activities that are pursued because of an absence of job opportunities in the formal sector and/or the lack of a social protection system.<sup>14</sup>

Being in employment does not always guarantee a decent living. According to the literature, there can be negative personal and family impacts for workers in non-standard work, particularly those who earn less. Many workers find themselves having to take up vulnerable jobs, especially in the informal economy, which are typically associated with low pay and little or no access to social protection and rights at work. Low-income is associated with poorer general and mental health and that, for those in less secure employment in low- and middle-income households, anxiety about employment interferes with personal and family life.<sup>15</sup> The literature also suggests that workers in non-standard work may have difficulty accessing social programs and benefits. There is research pointing to the broader societal impacts of non-standard work. A recent ILO report (2016) identifies several societal impacts driven by two aspects of non-standard work: job insecurity and lower pay. The report points to lower homeownership and lower fertility rates as potential outcomes of nonstandard work that could have negative consequences for societies. Precarious work has both negative and positive impacts on the community and democratic participation. Moving from precarious to secure employment increases the likelihood of voting by over

<sup>13</sup> Behrendt, C., Nguyen, A. O. (2019). Ensuring universal social protection for the future of work, p. 30.

<sup>14</sup> Ministry of labor and social policy, *Strategy for the Formalization of the Informal Economy in the Republic of Macedonia 2018-2022*, p. 5.

<sup>15</sup> Fumia, D., Galabuzi, G-E., Sidhu, N. (2014). City of Toronto Report: *Poverty and Employment Precarity in Southern Ontario (PEPSO) Case Study #5: Impact of High Levels of Precarity on Urban Neighbourhood Economies and Particular Populations*. Unpublished manuscript. Available: <https://pepso.ca/research-projects/case-study-5>

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20% and workers in less secure employment are more likely to volunteer than workers in standard work, and that they are more likely than workers in secure employment to do so to improve job opportunities.<sup>16</sup>

Non-standard employment is often characterized by lower earnings which makes it necessary for social security systems to better take into consideration these situations through a variety of policy measures by, for example, providing easier access to coverage or contribution credits for periods of lower earnings, or allowing the possibility to buy back contributions. Such measures would ensure that social security responds to the changing social and economic conditions, while at the same time addressing the growing need for greater income security.

## 5. Types of social protection for non-standard employment

It is necessary to make clear distinctions between the different types of protection and how they are (or are not) linked to the employment relationship. Four different types of protection can be distinguished:<sup>17</sup>

- Social protection linked to a contract with a specific employer. This includes protection that is provided in the form of employer liability mandated by social security legislation or voluntary employer engagement, such as employer liability for paid maternity leave, sick leave and workers' compensation, severance pay, employer-sponsored health or pension insurance. Such protection is effective only as long as workers are employed with this specific employer; they lose their protection as soon as they leave the job. This type of protection is most strongly linked to the standard employment relationship; workers in non-standard employment are typically excluded.<sup>18</sup>

- Social protection linked to salaried employment. This type of protection is linked to status as a salaried employee, but not to job tenure with a specific employer; therefore workers moving from one job to another continue to be covered and are also covered to some extent during periods of unemployment. It should be recognized, however, that many social insurance schemes cover not only workers in salaried employment, but also certain categories of self-employed workers and those who are temporarily not engaged in employment. Such protection is usually provided through social insurance – as mandated by social security legislation – to all employees, yet certain thresholds may apply concerning minimum hours of work (potentially excluding some categories of part-time workers), the length of the contract (potentially excluding some categories of temporary workers), or other criteria. Examples include health insurance, maternity protection insurance, employment injury insurance, old-age, and survivor pensions, or unemployment insurance. Besides, some categories of employees may also be eligible for tax-financed benefits, such as in-work benefits for low-income earners. This type of protection extends beyond the standard employment relationship

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<sup>16</sup> Federal Labor Standards. (2019). *Protections for Workers in Non-Standard Work*, Secretariat to the Expert Panel on Modern Federal Labor Standards. p. 9.

<sup>17</sup> ILO (2016). *op. cit.*, p. 299.

<sup>18</sup> Behrendt, C, Saint-Pierre Guilbault, E, Stern Plaza, M. (2017). *Implementing the principles of social protection floors recommendation*. In: Dijkhoff, T, Mpedi, LG (eds) *Recommendation on Social Protection Floors: Basic Principles for Innovative Solutions*. Alphen aan den Rijn: Kluwer, pp. 41–70.



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and includes some forms of non-standard employment, depending on the criteria set out in the relevant national legislation.

- Social protection linked to participation in gainful employment (including non-salaried employment). This category includes protection that is linked to participation in gainful employment in a general way, though it is not limited to salaried employment. It includes social insurance schemes that allow for the coverage of non-salaried workers, such as the self-employed, through mandatory or voluntary coverage, potentially subsidized from public funds for those with very low incomes. In addition, tax-financed programs may also provide protection for this group. Examples include health insurance, pensions, maternity protection or in-work benefits for low-income earners. This type of protection potentially includes several categories of workers in non-standard employment, in particular those in non-salaried employment. It is important to note that a regular income of a certain level (contributory capacity) is also a precondition for other forms of insurance, such as micro-insurance, mutual funds, and private insurance.

- Social protection linked to residency status. This category includes programs that are not linked to status in employment (or are explicitly linked to non-employment, as when targeting people out of work). Most of these programs are financed from general government revenues, yet some combine contribution and tax financing. Examples include social assistance, social pensions, child/family benefits, disability benefits, National Health Service or residency-based health insurance.<sup>19</sup>

## 6. The impact of social dialogue

Social dialogue is under pressure in the changing world of work. Trade unions' attractiveness has decreased over recent decades. Organizing workers is particularly difficult in nonstandard employment situations. Social dialogue remains highly relevant in the non-standard forms of employment.

Of all the topics addressed within the framework of the world of work — the natural mandate of the International Labor Organization - it may be that none is better reflective of the principle of tripartism than that of social security. The partnership of government, employers, and workers represent precisely the conjunction of the stakeholders in, essentially, every scheme of social security organized and administered, at least for formal-economy workers, throughout the world. In this light, it is the most natural of questions to ask to what extent and how effectively the mechanisms of social dialogue between the tripartite partners have been and are being used to promote the governance — specifically the design and organization — of social security schemes on as effective and efficient a basis as possible.

The European Pillar of Social Rights stresses the importance of social dialogue for addressing the challenges triggered by the aforementioned drivers of change. The following clusters of challenges have been identified. In each case, the social partners, potentially with the support of governmental authorities, are asked to shape the future. Greater flexibility of employment through changes to time and place of work: Increasing numbers of employees are working part-time or have flexible working times, adjusting to meet the needs of the employer or employee;

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<sup>19</sup> Behrendt, C., Nguyen, A. O. (2019). *Op. cit.*, p. 5.

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teleworking, i.e.; work undertaken outside the employer's premises, usually from home or while traveling, is becoming more frequent and provides challenges and opportunities for employers as well as trade unions. If the new technical possibilities are to be used to the full, to what extent can a (clear) distinction between professional and private life be maintained? This increasing diversity makes it more difficult for the social partners to defend the interests of all workers and employers. Traditionally, trade unions and works councils have been there to help employees voice their ideas and concerns about what is happening in the companies that employ them and to increase their motivation and commitment.

The changing structure of the economy provides significant challenges to social partner organizations. Social partners, especially trade unions, face the challenge of how to recruit members and to organize the social dialogue of workers in non-standard employment situations. Collective agreements apply only rarely to the self-employed and to workers in new forms of employment. Cases have been reported of employee sharing and job sharing.<sup>20</sup>

Existing labor laws may need to be adapted to meet new challenges. The joint statements at the national level show that social partners agree that structures will change and that cooperation would facilitate necessary transitions. Social dialogue is important to make sure that employers and workers benefit securely from the increase in flexibility. Trade unions and employer organizations agree that increased flexibility provides an opportunity to make progress on gender equality and to promote women's participation in the labor market. While employers' priority is to use the female workforce to close or reduce skill gaps, trade unions see opportunities for more equality, better work-life balance, greater fairness, and tackling the gender pay gap.

We already said that fixed-term contracts, part-time and self-employment have existed for many decades but their relevance has increased. New forms of work such as voucher-based work, zero-hour contracts, employee sharing, and platform work feature prominently in the policy debate, including that between social partners. The social partners should agree to set up a joint committee dealing with wages, working conditions, and social security for these, as we said above, the high existing number of new forms of works.

## 6. Conclusion

The prevalence of the informal forms of employment leaves many workers in our country and their families outside of coverage by contributory social security schemes. This situation requires the implementation of measures extending effectively social security coverage to those in forms of employment not covered by the statutory social security schemes. This should be done in synergy with other measures aimed at a formalization of employment. With this objective in mind, in 2001, the International Labor Conference concluded that “the fundamental challenge posed by the informal economy is how to integrate it into the formal economy. This is a matter of equity and social solidarity. Policies must encourage movement away from the informal economy. Support for vulnerable groups in the informal economy should be financed by society as a whole”.

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<sup>20</sup> Employment and social analysis - Employment and Social Developments in Europe. (2018). Chapter 6 - *Social dialogue for a changing world of work*, p.163.

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Labor market segmentation and dualization have certainly grown in importance over time, moving North Macedonia away from a situation of few, but quite equal jobs to a constellation characterized by more, but also increasingly unequal jobs. However, job quality in terms of pay, employment stability, and job

security has not declined in general, and some forms of non-standard work provide effective entry points and stepping stones in the North Macedonian setting.

The issue of labor market segmentation has risen in public and political attention in recent years, with a major campaign of the trade unions pushing for minimum wage levels and some re-regulation of the labor market. The major issue here is to reduce the regulatory gap between standard and non-standard types of jobs without making the North Macedonian labor market overly rigid again, thus paving the way to a smoother transition between jobs and realizing the full potential of flexible jobs as stepping stones to permanent positions.

The task of improving working conditions of non-standard workers, providing access to social protection and ensuring fundamental principles and rights against the background of a changing world of work will require a concerted effort by governments, employers and workers.

Those in the informal sector are often the ones most in need of social protection and our country should, therefore, consider ways in which she may extend the coverage of social protection as an integral part of their employment policies. Active poverty prevention strategies are crucial for promoting employment because, as a growing body of research clearly shows, they enable people to acquire and maintain the marketable basic skills they must possess to be employable. Sustainable social security is both a condition for reversing the progression of the informal economy and the result of inclusive employment strategies containing a social protection dimension.

The implementation of new laws and schemes should always be accompanied by campaigns that inform workers on the importance of social protection in general and the specific scheme in particular. Such campaigns should provide a detailed explanation of the law/scheme; the available benefits and eligibility conditions; contribution requirements, if any; administrative procedures; and the respective rights and obligations of workers and employers.<sup>21</sup>

Flexible labor legislation allows companies to make certain decisions about changing their labor force as a response to fluctuations in the market and to help boost production, but should not be accompanied by drastic cuts in funding available for worker education, training, and skills development programs. Hence, strengthening social dialogue can play an important role in improving the social security of non-standard workers.

While the existing social insurance system in the Republic of North Macedonia covers only formal sector workers, its extension should be a priority adapting the social security system to the needs and circumstances of informal workers. These, because the Macedonian social insurance system is not fully suitable for serving the needs of workers in the informal sector and agriculture where a major part of the population is. This could be done by reducing employers' social security contributions by 50 percent in the first 12 months of the membership in the scheme and by 25 percent in the 12 months thereafter. Because coordination between employment and social security policies does not mean that one should be done at the expense

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<sup>21</sup> ILO. (2019). *Extending social security to workers in the informal economy*, p. 55.

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of the other. Just as unemployment protection schemes should not discourage employers from offering and workers from seeking productive employment, employment policy also should not cause prejudice to social security.

The insight that a fair balance between social and economic objectives is beneficial for the whole of society may need to be further cultivated. Social protection systems must reflect real changes - demographic, financial and social - in the environment within which they seek to meet the needs of their contributors and beneficiaries.

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