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EMBRACING THE DIGITAL AGE

The future of work in the Western Balkans. New forms of employment and platform work

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This report was prepared by the PPMI for the ETF.

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PREFACE

The European Training Foundation (ETF) actively contributes to the reflection on global transformations impacting labour markets' performance and skills demand in the international debate on the future of work in developing and transition countries, in particular in the Western Balkans and Turkey, the Southern and Eastern Mediterranean, Eastern Europe, and Central Asia. This report is the outcome of an analysis of today's landscape and the future of work for young people in the Western Balkans, and consolidates the findings of the ETF study conducted in the six countries Albania, Bosnia and Herzegovina (BiH), Kosovo, Montenegro, North Macedonia and Serbia. The study is a continuation of the 2021 reflection conducted in the Eastern Partnership region: The future of work: new forms of employment and platform work in the Eastern Partnership countries.

Updating and consolidating knowledge on recent changes in work patterns driven by digitalisation sheds light on key issues for employment and skills development, identifying the implications for workers and learners. The study aims at supporting the labour market and skills reforms, particularly the definition and implementation of the Youth Guarantee, a Flagship Initiative under the Economic and Investment Plan for the Western Balkans (2021-2027). The objective is to feed into youth friendly policies and the consolidation of their effectiveness.

The analysis undertaken in the Western Balkan region confirms the huge impact of technological change on all the economies, with the COVID-19 pandemic accelerating digitalisation trends and increasing labour flexibility. New economic models with efficient matching of labour and skills demand and supply provide online-based employment opportunities and, to some extent, skills development. Young people take up those opportunities, which often become an alternative to migration as they open up new markets and new ways of work. Therefore, beyond the inherent volatility of contractual relationships, issues of quality and inclusiveness, new forms of work are an important source of income, a place to use and develop skills and provide an opportunity to harness entrepreneurial potential and mitigate outward migration.

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Iwona Ganko (ETF) coordinated the study and supervised the preparation of this report.

CONTENTS

LIST OF ABBREVIATIONS

AL	Albania
BiH	Bosnia and Herzegovina
CAWI	Computer Assisted Web Interviewing
CMS	Content management system
COVID-19	Coronavirus disease 2019
CRM	Customer relationship management
EaP	Eastern Partnership
ETF	European Training Foundation
EU	European Union
EUR	Euro
HIT	Human intelligence tasks
ICT	Information and communications technology
ILO	International Labour Organization
KODE	Kosovo's Digital Economy
ME	Montenegro
MK	North Macedonia
NEET	Young people who are not in employment, education or training
OLI	Online Labour Index
PPMI	Public Policy and Management Institute
RCC	Regional Cooperation Council
RS	Serbia
SEO	Search engine optimisation
SME	Small and medium-sized enterprises
SWOT	Strengths, weaknesses, opportunities and threats
TCNs	Third country nationals
UK	United Kingdom
US	United States
USD	US dollar
VET	Vocational education and training
WIIW	The Vienna Institute for International Economic Studies
XK	Kosovo

EXECUTIVE SUMMARY

Background

Social, economic and technological changes in the EU neighbouring countries, including the Western Balkan region, have increased international competition and labour market flexibility.

Technological shifts and digitalisation play an important role in the emergence and growing popularity of new forms of employment, remote and freelance work for international clients, including through labour platforms. Digital labour platforms facilitate matching the demand for labour and skills with their supply in the region. Platform work has become one of the most visible new forms of work and is increasingly prominent in all six countries of the Western Balkans. It is understood as all labour provided through, on, or mediated by online platforms in a wide range of sectors, where work can be of varied forms and is provided in exchange for payment. Jobs on digital labour platforms are broken into tasks and contracted out, while services are provided on-demand. At least three parties are involved in each transaction: an online platform, workers and clients. At the same time, matching of workers and clients is digitally mediated and administered, although the algorithmic management can be of different degrees.

As in other economies around the world, there are two types of platform work present in the Western Balkan countries:

- Digital labour platforms for remote services: remote delivery of electronically transmittable services (e.g. via freelance marketplaces), represented mainly by international platforms, including Upwork, Freelancer, Guru, Fiver, People per Hour among the most popular.
- Digital labour platforms for on-location services: physical delivery of services, with the digital matching and administration of consumers and service providers, represented mainly by local platforms providing ride-hailing and delivery services.

Underperforming local labour markets with high entry barriers, particularly for young people, influence personal decisions on engaging in new forms of employment, which are seen as new job opportunities. The lack of alternatives in the traditional labour market fosters the participation in the digital economy. Furthermore, the economic impact of Russia’s invasion of Ukraine is reducing the pace of economic and labour market recovery, increasing at the same time labour participation from the region in new forms of employment and platform work.

A Proposal for a Directive of the European Parliament and the Council on improving working conditions in platform work, published by the European Commission in December 2021, and currently under negotiations, will most likely set the tone in the Western Balkan countries for regulating platform work, also in the context of the EU accession and the ILO’s decent work principles.

Main findings

Digitalisation

In the reflection on the emergence of new forms of work and their increasing prevalence, it is important to consider factors facilitating growth of the digital economy, which enable this phenomenon. A country’s broadband infrastructure, internet penetration and digital competencies are often among the key enablers. Digital infrastructure and access to it is the main precondition for seizing opportunities brought by the new innovative business models, which have the potential to contribute to competitiveness and employment growth, including through new entrepreneurial activities. Only Kosovo surpasses the EU household average with regard to internet access, and Albania approximates to it. The level of digital skills is uneven across the region, with Serbia and Montenegro showing better performance.

The Digital Agenda for the Western Balkans sustained by the EU, as well as national digital strategic frameworks, have been further supporting the transition of the region into a digital economy, to bring the benefits of the digital transformation. The Economic and Investment Plan for the Western Balkans (2021–2027) is expected to enhance the developments in terms of digitalisation and human capital through its flagship initiatives, including the Digital Agenda for the Western Balkans and the Youth Guarantee.

Labour market

New forms of employment, including work via online platforms, are increasing globally, and the Western Balkans are no exception. They are creating new job opportunities and becoming popular thanks to lower entry barriers, not requiring formal but practical skills and offering flexibility of work locations and schedules. Better-paid jobs could potentially reduce incentives for economic outward migration. International outsourcing and work on both international and domestic platforms, for different clients, have the potential to decrease the brain drain by offering quite well-paid employment without workers needing to leave their country of origin. As a result, effective skills and employment policies could also improve the net emigration balance.

The number of workers from the region on international platforms has increased more than 3.5 times from 2017. Serbia is a leader among Western Balkan countries in numbers of freelancers engaged in remote platform work in absolute terms, followed by North Macedonia and Albania in the number of workers per capita. Young people are benefit primarily from the new opportunities by obtaining their first job, often complementary to their studies, or additional work. A typical platform worker is young, male and from a capital or another big city.

High-skilled (ICT sector and creative and multimedia industry) and low-skilled (delivery and ride hailing by mobile apps) occupations show the strongest labour and skills demand. Both polarised sectors are developing in line with the global labour market demand. Workers from the region access international remote platforms (Upwork, Freelancer and Guru being the most popular), while the on-location market is dominated by domestic platforms, except for the Glovo delivery platform.

The hourly earnings from platform work are generally higher than the national averages in the offline economy, leading to greater job satisfaction. The remote work sector offers significantly higher gross hourly wages, in particular on international platforms. The same trend – although weaker – was found in the on-location driving and delivery services sector. However, this does not necessarily always translate into higher monthly wages, given the substantial deductions in terms of platform fees, social security contributions and taxation. Furthermore, men tend to demand higher hourly rates than women in all the Western Balkan countries. In Montenegro and Kosovo, this gap is especially notable.

Although the impact of the COVID-19 pandemic varies across the countries and type of platform, the pandemic has generally fostered the development of platform work in the Western Balkan countries. Lockdowns introduced by the authorities resulted in a drop in demand for on-location services such as ride-hailing, for example taxi services. However, the pandemic has stimulated higher demand for delivery services and increased competition between companies providing such services. At the same time, the situation has particularly encouraged remote platform work and freelancing outside the labour platforms, also due to lockdowns and the rise in unemployment in the traditional economy.

New forms of work, and platform work in particular, mirror the already existing labour market vulnerabilities in the six countries, including high levels of informality and skills polarisation, a wide gender gap and underemployment. The gender divide in remote and on-location platform work is very pronounced. Almost 70% of remote freelancers and over 90% drivers on ride-hailing platforms are men. Informal work is widespread and workers in new forms of employment are often not covered by social security, employment-related benefits or trade union protection. Employment relations outside Labour Codes often mean that platform workers, even those working formally, miss out on a number of protections and rights guaranteed by the labour codes, relating to working time, holidays, social security, sick leave, unemployment benefits, pension rights and similar. Moreover, in some cases tax regimes and social security contributions for the self-employed are similar to those paid under regular employment contracts, although these are not accompanied by the same level of rights and benefits.

Most of the workers in new forms of employment are also not covered by employment services provided by public authorities. Workers in new forms of employment are also not members of formal trade unions, thus missing out on participation in social dialogue. However, freelancers' associations or informal groups are raising their working conditions and exerting some pressure to improve their status.

Skills dimension

Notwithstanding the relatively low barriers for entry into the online labour market, there are some preconditions that must be fulfilled. For remote work, the basic requirements relate to regular access to a computer with an internet connection, at least basic digital skills and very often knowledge of languages. For on-location work, the requirements relate to possession of a mean of transport and a mobile device with an internet connection.

However, the strong global competition between freelancers introduces additional conditions in terms of skills, time availability and performance. For example, there is strong competition in international marketplaces for the highest-paid remote jobs, which require advanced occupational skills and a good command of the English language. In addition, most of the remote workers are highly educated and tend to be advanced internet users.

The research confirms that personal dispositions and competencies developed through formal education and training prior to commencing one's work experience are important. Successful platform workers need a range of occupational skills, but these are not always confirmed by diplomas. Digital workers have often completed studies or have work experience in other specialities than that in which they work online, while acquiring necessary skills on the job. Practical skills, the number of years of experience on a platform and the reputation score are key as are valued in practical terms through the assessment of the quality of the work or service provided.

Furthermore, skills required in order to be eligible for on-location platform work in the Western Balkans depend on the type of services. Engaging in food-delivery and ride-hailing services requires only basic skills (e.g. communication, driving). However, on platforms providing various domestic services, the skills vary from low (e.g. cleaning) to high (e.g. engineering, tutoring skills, photography). Even though platforms providing domestic services do not require any certifications in order to subscribe and gain access, the clients may demand vocational certifications, for example.

Digital work also requires continuous learning and retraining, which is done primarily through non-formal and in-formal learning. Digital workers from the Western Balkans are themselves exploring the market demand and finding ways to respond to it. Workers tend to improve on their own the professional and technical skills, as well as soft skills. Active communication, creativity, problem-solving, flexibility and negotiation skills are crucial online.

The research suggests that platform work contributes to both improving existing skills through deploying them on the job and developing new skills. Online work can be useful for professional growth and portfolio-building. It can develop the skills necessary for job-seeking and future employment. Some platform workers specifically report that they are improving their customer service and self organisation skills. In addition, the use of online platforms for job search can help to develop soft skills, such as foreign languages, analytical and problem-solving skills, self presentation and communication. Career management and entrepreneurship are also essential for the variety of new forms of work, as is learning to learn. However, skills and work experience recognition within platform work is still very limited.

Despite existing on-the-job learning, skills and career development within platforms is not organised and often limited to induction. While platforms recognise the benefits of lifelong learning approaches for themselves and their workers or service providers, they do not seem to assume skills development responsibilities, given the flexible nature of the relationship between a platform and workers. Higher-skilled workers in the professional services sector, particularly IT, profit from the existing training offer delivered by private training providers. They also tend to learn informally through online courses, YouTube tutorials or through participation in freelance communities. Meanwhile, from the perspective of the public sector, platform workers remain outside the group of beneficiaries of upskilling opportunities offered by, for example, employment services and sectoral organisations.

Evidence for policy making

Evidence on new forms of work is fragmented, and there is no systematic and detailed data collection. On the one hand, it is problematic to conduct solid diagnostics and monitoring of the socioeconomic developments. Gaps in administrative or survey statistical data, partially also due to decentralised and fragmented governance and administrative structures, contribute to this. Furthermore, the lack of legislative clarity contributes to informality, which additionally impedes capturing the developments. Lastly, labour platforms themselves are reluctant to share information on the number of workers and clients, services and transactions, and often impede data collection.

The new global and local digital labour market phenomena are very diverse and complex. As they are changing rapidly, continuous research is needed. This may include ensuring consistency with existing labour force statistics and developing new methodologies to capture the impact of digitalisation on the economies, societies and labour market performance.

Policy implications

A strategic orientation towards new forms of employment should maintain their flexibility, innovation potential and job creation features. At the same time, protecting workers with decent working conditions, including career prospects and skills development opportunities remain a priority. Short-term measures should include expansion of health and social benefits, while the medium-term measures should include comprehensive and coordinated structural reforms in the labour markets, education system and business enabling environment. Experts' reflections and stakeholders' consultations identified the following policy pointers within four key dimensions:

Digitalisation

Recognising the importance of new forms of work and platform work in increasingly digitalised economies through policy discourse, as well as favourable policy frameworks and business environment.

Enhancing connectivity and digitalisation as crucial preconditions for fostering the expansion of new online business models.

Focusing on developing a wide range of digital skills, which are crucial in the modern economy, from an early age and through lifelong learning.

Incentivising gender equality in the science, technology, engineering, and mathematics (STEM) education, in order to translate it further in gender equality in highly skilled professions.

The labour market

Protecting workers and combating informality through clear and enabling labour market regulations and taxation, including on the status of platform workers, their rights and obligations.

Fostering portability of work experience and skills gained on the job by recognising and validating those gained in new forms of employment and platform work.

Supporting the transition into employment and from job to job through public employment services (PES) for improving the labour market outcomes and providing opportunities for young people to benefit from new forms of work.

Enhancing the inclusiveness potential of the new forms of work, including for women, low skilled workers and persons with disabilities.

Skills development

Stimulating lifelong learning through flexible learning pathways, reflecting the diversity of learners and learning environments.

Developing key competences along with occupational skills in formal education and training, as well as thorough continuous non-formal training: digital skills, languages, communication, learning to learn and entrepreneurial skills.

Supporting career management and providing counselling, including with special attention to gender aspects.

Evidence for policy making

Building policy actions on evidence by extending knowledge and understanding of the new forms of work in the overall economic and labour market context.

Strengthening the monitoring developments, adapting existing data collection and developing new methods, including the collection of data from the digital labour platforms.

INTRODUCTION

Social, economic and technological changes in the EU and surrounding countries – including the Western Balkans – have been fostering labour market flexibility in recent years. Non-standard and new forms of employment have been growing in terms of variety and scale, while the COVID-19 pandemic further accelerated these transformations through even faster digitalisation. Many of the flexible forms of employment are very different from what is understood as ‘‘traditional work’ in terms of working conditions, work content and regulatory and legal implications.

This report presents findings of the study conducted between November 2021 and May 2022 in the six Western Balkan economies: Albania, Bosnia and Herzegovina (BiH), Kosovo[1], Montenegro, North Macedonia and Serbia. The research focused on the impact of digitalisation on the labour markets and the increasing prevalence of new forms of employment, including platform work. Furthermore, the reflection focused on implications brought by new trends for youth employment policies and skills development.

As a first step, the research team reviewed the evidence of broader labour market developments, digitalisation and human capital background in the Western Balkans, as well as new trends of work organisation in the region. The data was collected though country level research and published in six separate Country Reports. The country specific findings were discussed at the Experts Seminar in April 2022 and fed into a comparative analysis of this report, presented in Chapter 3.

Furthermore, the study reviewed the developments in the Western Balkans in various new forms of employment, with a specific focus on platform work. A plethora of recent academic sources and reports generated by various national and international bodies, as well as the research conducted by the ETF in the six Eastern Partnership countries constituted a conceptual background for the study, as presented in Annex 1. Chapter 4 of the report combines the country-specific and horizontal findings, including an overview of the available data on the prevalence of platform work in the region, worker profiles and working conditions.

Finally, the study identified opportunities and challenges driven by new forms of employment – as well as their implications for the regulatory and institutional setting. The considerations have been made from the perspective of quality job creation, inclusiveness, and skills formation and utilisation. This part of the analysis builds on national interviews, the insights of national experts, and a wide stakeholder consultation, including a stakeholder survey conducted in April 2022 and the regional conference ‘Embracing the digital age. The future of work in the Western Balkans: new forms of employment and platform work’. The results are presented in Chapter 5. While addressing research questions, the study team employed a mixed-method approach, integrating data from interviews, desk research, automatically collected data (big data analytics) and a stakeholder survey. The detailed description of the methodology is presented in Annex 2.

[1] This designation is without prejudice to positions on status and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo Declaration of Independence, hereinafter 'Kosovo'.

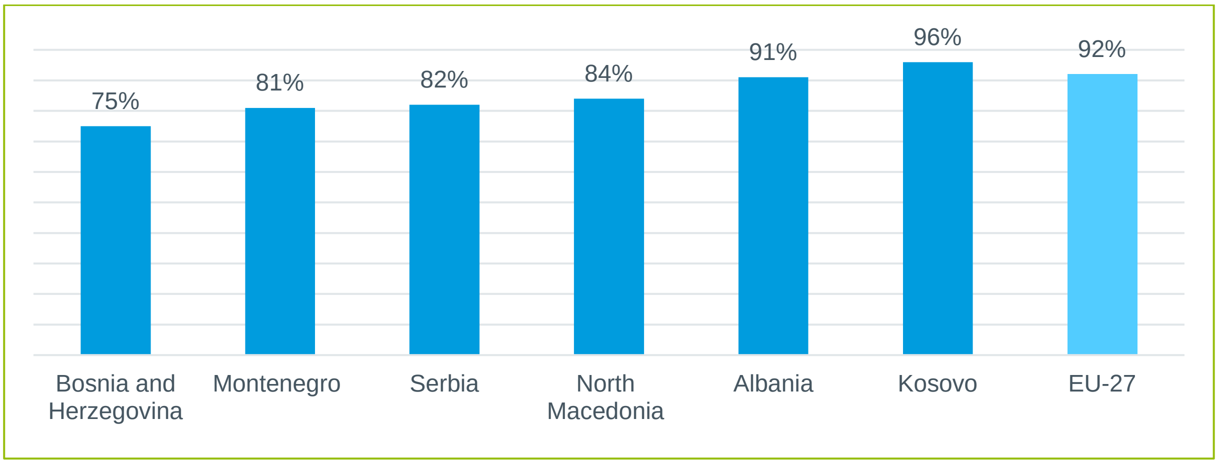
SETTING THE SCENE

The Western Balkan economies have been demonstrating notable growth and improving labour market performance in the past decades. At the same time, they have been still facing numerous challenges in the areas of labour market, employment, and human capital development. To set the scene for the further overview of new employment trends, including the growing prevalence of new forms of employment, as well as their challenges and opportunities, the following sections present the key facts on the labour market, human capital and digitalisation trends.

Digital skills and infrastructure

To understand the emergence of new forms of work, it is important to take into account the factors facilitating the growth of the digital economy, which enable this phenomenon. A country's broadband infrastructure, internet penetration and digital competencies are often among the key indicators to consider[2]. The situation in the Western Balkans, as compared with the EU-27 countries, indicates notable room for improvement – even though the digital transformations in the Western Balkans manifested over the years with increased broadband development and high-speed connectivity[3]. Compared to EU-27, only Kosovo reported a higher share of households with internet access in 2020 (see Figure 1). Despite substantial progress, connectivity gaps remain, and the region has committed to increasing digitalisation, which can further facilitate access to new forms of work linked to technological change[4].

Figure 1. Households with internet access in 2021 (%)



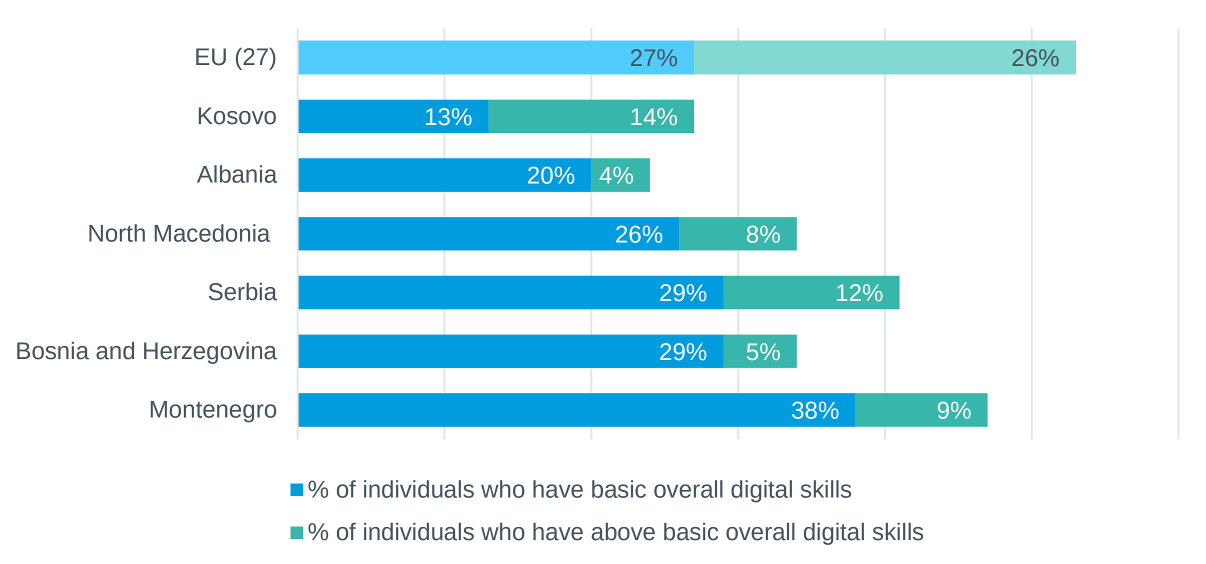
Source: data retrieved from Eurostat, available here.
*Note: the data for Kosovo is from 2020 as it was not available for 2021.

Sufficient digital skills of the populations are another precondition for the development of the new forms of digitalised employment. The available data shows that the level of digital skills is uneven across the region, with Serbia and Montenegro showing better performance in both basic and above basic digital skills, while Kosovo is leading in the region in the share of individuals with above basic digital skills. Significant shares of the populations of the Western Balkans lack digital skills compared to the EU, however. The level of basic digital competencies is lower in Kosovo, Albania and North Macedonia compared with the EU-27. However, the situation is worse in regard to above basic digital

[2] ETF (2021a). Changing skills for a changing world: understanding skills demand in EU neighbouring countries: a collection of articles. Available here, p. 11.
[3] Regional Cooperation Council (n.d.). Broadband. Available here.
[4] European Commission (2018). European Commission launches Digital Agenda for the Western Balkans. Press Corner. Available here.

skills. The share of individuals with above basic overall digital skills in all six Western Balkan economies is significantly lower than the average EU level (see figure below).

Figure 2. Individuals with basic overall or above basic overall digital skills in 2021 (%)



Source: data from Eurostat, available here.
*Note: the data for Kosovo is from 2019 as it was not available for 2020 and 2021.

Earlier reports reveal specific gaps in digital skills in each Western Balkan country. For example, in Albania, the digital divide has become a particular concern in the light of COVID-19 among rural young people and women in remote areas. In BiH and Kosovo, country-specific research for this study emphasises that slow, uncoordinated and complicated bureaucracies and lack of funding are stalling economic development and, consequently, the development of digital skills. At the same time, the majority of businesses in the region stress that digital skills are essential for their activities[5].

Western Balkan governments, therefore, have been increasingly focusing on digital strategies to respond to recent technological developments in the economy and society, to increase digital literacy and to reap the benefits that the online economy promises[6]. Such digital strategies are focusing on economic development and educational policies, as well as the digitalisation of the public sector.

The need for policies and strategies devoted specifically to digital skills development is acknowledged, both at national and regional level. At regional level, the Western Balkan Digital Skills Multi Stakeholder Working Group was established in 2020 with the aim of kicking off regional dialogue on digital skills development. Nevertheless, at national level, Serbia stands out as the only economy that has a comprehensive Strategy for Digital Skills Development in the Republic of Serbia 2020 2024, aimed specifically at digital skills[7]. Other Western Balkan economies still lack digital skills strategies; however, the governments of BiH, North Macedonia and Montenegro have been working on their development since early 2022. Meanwhile, this area is partly addressed by the broader strategies on digitalisation and education. For instance, in Albania, a new Digital Agenda 2021 2025 has a strong focus on digital skills development with the key goal to involve the population in ICT services and increase the number of ICT professionals[8].

[5] Andjelkovic J. L. et al (2021), Digital skills needs and gaps in the Western Balkans. Scope and objectives for a fully-fledged assessment. Regional Cooperation Council. Available here.
[6] For instance: Digital Agenda 2021 2025 in Albania, The Information Society Development Policy and e-Government Development Strategy 2019-2022 (for Republika Srpska) in Bosnia and Herzegovina, Digital Transformation Strategy 2022 2026 in Montenegro, preparation of the National Strategy for ICT 2021-2025. The Ministry of Information Society and Administration in North Macedonia.
[7] ITU (2021). Digital skills development in the Republic of Serbia. Available here.
[8] Presented by the representative of the Albanian government during the ITU Regional Forum for Europe on Digital Skills Development. Available here.

While the national policy responses are lagging, a plethora of dedicated programmes, initiatives and events are being run in the region as a joint effort of international and national organisations, as well as governmental and non-governmental bodies. The development of both basic and specialist digital skills are addressed by the initiatives, which often focus on young people specifically. Some examples are provided in the box below. Nevertheless, while digitalisation and digital skills development policies have brought some results, there is still a lack of skilled workers in the ICT sector[9].

Box 1. Examples of initiatives aimed at digital skills development in the Western Balkans

In Albania, BiH and Kosovo the focus is on smaller-scale initiatives and educational centres, for example:

- 'Digital Jobs Albania' is a World Bank project that prepares women for online work. Within the framework of the project, 12-week intensive digital skills training courses are offered to women between 16 and 35 years old. As a result, women are expected to take up freelance employment in graphic design, web development and digital marketing[10]. Another long-term project is TechSpace – a technology lab that supports startups' and students' digital education by providing infrastructure, incubation programmes and job fairs; around 1 200 students and 90 startups are currently registered[11]. Another educational centre was opened in Tirana in 2020. The TUMO Center for Creative Technologies is designed for teenagers and combines self-learning and workshops to teach young people specialised digital skills such as programming, robotics, graphic design and animation[12].
- The 'Innovation and digitalisation in SMEs in Bosnia and Herzegovina' project engages with SMEs by offering webinars, training courses and digital events relating to innovation and digitalisation opportunities in specific sectors[13]. For young people, the programme 'Girls, step into the future!' was implemented by the Association of Informatics in BiH and funded by the US Embassy in Sarajevo in 2020. As a result of the training, 45 female secondary school students took digital literacy certification tests and developed a website[14]. Moreover, within the framework of a joint initiative by UNDP, UNICEF and UN Women, 'IT Girls', an IT girls summer school, was organised for 20 teenagers. The school enhanced specialised digital skills in virtual reality and 3D modelling[15].
- Under the auspices of the World Bank's Education System Improvement Project, ECDL Kosovo provides development grants for digital training to rural schools in Kosovo[16]. For businesses, there is the 'ICT for Kosovo's Growth' project under the 'EU Support for the Competitiveness of Kosovo's ICT Sector' programme, which provides digital skills and ICT training courses[17]. For young people, several digital skills training courses were organised under the 'Equipping, empowering, and employing youth, women and other disadvantaged groups in five municipalities of Kosovo'programme[18].

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[9] Based on the national findings.
[10] The World Bank (2021). Women in Albania to Gain Greater Access to Global Digital Jobs Market, with World Bank Support. Press release. World Bank. Available here.
[11] Techspace. Available here; ITU Regional Forum for Europe on Digital Skills Development (2021). Albanian Innovation Ecosystem. Available here.
[12] TUMO Tirana. Available here.
[13] GIZ (2021). Promoting business innovation and digitalisation in Bosnia and Herzegovina. Available here.
[14] ICDL (2021). 'Girls, step into the future!' project helps young women develop digital skills in Bosnia and Herzegovina. Available here.
[15] UNDP (2021). IT Girls Summer School organised on digital skills to reimagine the cities of the future. Available here.
[16] ICDL (2020). ECDL Kosova meets digital skills demands under education system improvement project. Available here.
[17] REA (2021). ICT for Kosovo's Growth. Available here; ICT for Kosovo's Growth (2021). Available here.
[18] The Balkan Forum (2021). Digital skills training for young people in Kosovo. Available here.

In Montenegro, North Macedonia and Serbia, such initiatives are complemented by larger-scale projects, such as the following:

- ‘Acceleration of digital management in Montenegro’ 2020 2022 is mainly centred on digital governance and improvement of digital public services, while support for digital skills development is listed as one of the intended results[19]. Meanwhile, the Erasmus+ Joint Project ‘Digital entrepreneurial nest and industry 4.0 in Montenegro (DigN€st)’ 2020-2023 aims at supporting modernisation and digitalisation of higher education institutions. One of the key outcomes is digital upskilling of staff members and of young graduates, which is intended to help young people adapt to the labour market[20].
- On the level of primary and secondary education in North Macedonia, the ‘E-school’ project fostered the use of digital tools among schoolteachers. Another project is ‘MladiHUB – Digital Youth’ 2019-2022, funded by the UK government: young people get vouchers for digital and soft skills training courses in exchange for work in community initiatives[21]. On the level of tertiary education, during the COVID 19 pandemic, the government of North Macedonia implemented a targeted policy for digital skills training among young people, providing 2 500 vouchers for students to co-finance IT and digital skills training[22].
- In Serbia, basic digital skills projects include, for instance, the ‘Youth for Impact’ programme that provided young people with disabilities or without parental care with European Computer Driving Licence (ECDL) training[23]. Above-basic digital skills are addressed as well. Semos Education Serbia implemented a free online training project. The project covered 5 000 young people and offered them mentoring workshops and training relating to several ICT occupations (Software Developer, Data Analyst, IT Administrator and AI Practitioner)[24]. Another educational project is ‘BRAINS Academy’ of the Vojvodina ICT Cluster. It prioritises unemployed young people and women. Participants only pay a participation fee, while the full cost of the courses is covered by the donors and other sources of financing. The wide range of digital skills-related activities are offered: IT professional courses, career guidance and on-the-job learning[25].

Skills and human capital

The Western Balkan populations are fairly well educated. For example, in 2019, the average number of years in schooling varied in the region from 9.8 years in BiH and North Macedonia, to 11.2 years in Serbia (for comparison, the average of OECD members was 12 years, and the global average 8.5 years)[26]. However, according to a recent report by the World Bank and the Vienna Institute for International Economic Studies (WIIW)[27], the Western Balkan populations still lack skills that are essential for competing in an integrated global economy, and for allowing for rapid adaptation to accelerating changes in the nature of jobs and tasks.

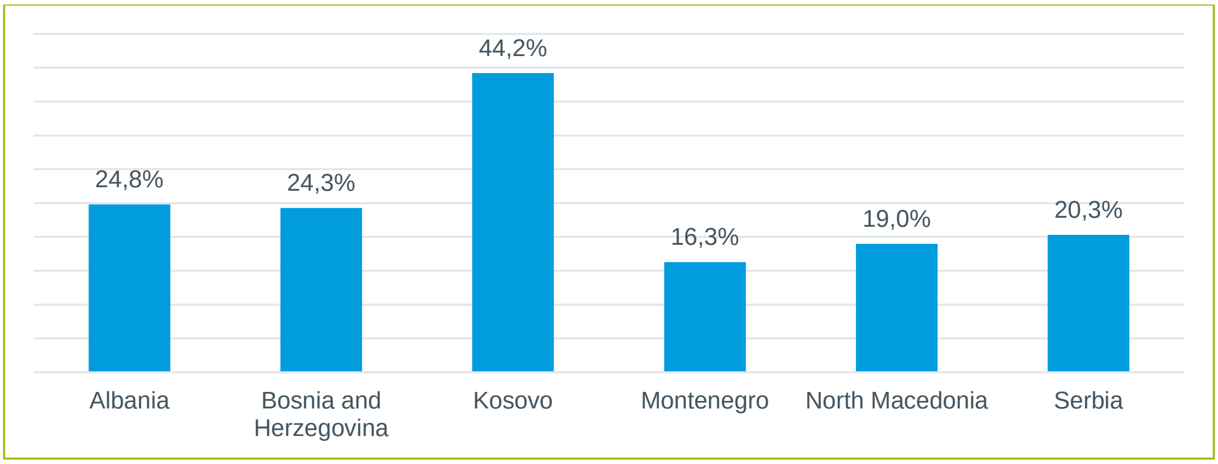
[19] Government of Montenegro (2021). Acceleration of digital management in Montenegro. Available here.
[20] National ERASMUS+ Office (2021). Digital entrepreneurial nest and industry 4.0 in Montenegro (DigN€st). Available here.
[21] MladiHub – Digital Youth. Available here.
[22] OECD (2021). Multidimensional review of the Western Balkans: addressing opportunities and constraints, p. 452; RCC (2021). Digital skills needs and gaps in the Western Balkans – scope and objectives for a fully-fledged assessment, p. 47.
[23] More information is available here.
[24] More information is available here.
[25] More information is available here.
[26] UNDP (2020), Human Development Reports – Mean years of schooling. Available here.
[27] WIIW (2020). Western Balkans Labor Market Trends 2020. Available here.

Western Balkan employers widely complain about skills mismatches and point to flawed education systems. Formal education appears insufficient for career advancement, as skills demanded in the labour markets are not sufficiently covered by the educational programmes. Both underskilling and overskilling remain an issue. To illustrate this point, in 2019, around 50% of young graduates in Serbia held jobs that required lower levels of qualifications than their education, followed by 40% in Albania and Kosovo and one-third in Montenegro and North Macedonia. In BiH and Montenegro, around one fourth of employees were undereducated[28].

Skills shortages in certain sectors or professions have been found in earlier regional studies, as well as in the national data collection for this study. For example, employers' poor perceptions of formal education and vocational training institutions were reported in Kosovo, and difficulties in finding a workforce with the necessary skills in Albania. At the same time, few firms in the region are developing the skills of their workforce or investing in ''new economy' skills, i.e. digital and those that are strongly complementary to computerised tasks, such as creativity, complex problem solving, teamwork and communication capabilities, and the ability to learn new things and adapt to new challenges, among others[29]. In all countries apart from Serbia, skills shortages are the highest for jobs with a high intensity of in 'non-routine'' tasks, typically jobs in the managerial, professional and higher-level technician occupational categories[30]. Similarly, skills gaps are mostly present in sectors that could provide better jobs and higher wages, such as ICT and creative or high complexity services[31].

These skills gaps are often linked to underperforming skills development systems, from early childhood up through secondary and tertiary education. They also become a factor hampering both, firm growth and job creation. For example, according to the 2019 World Bank's Enterprise Surveys, between 16% (in Montenegro) and 44% (in Kosovo) of companies reported that they are constrained by an inadequately educated workforce (see figure below)[32].

Figure 3. Percentage of firms identifying an inadequately educated workforce as a major constraint, 2019

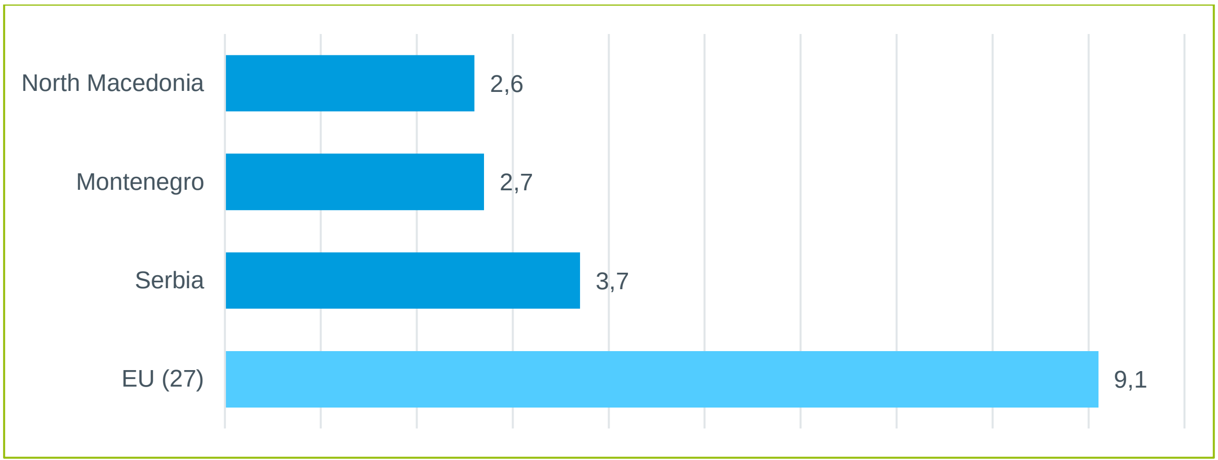


Source: World Bank Enterprise Surveys, 2019.

At the same time, the rates of adult participation in learning in the Western Balkan economies remain significantly below the EU average (see figure below)[33].

[28] ETF (2019). Skills Mismatch Measurement in ETF Partner Countries. European Training Foundation. Available here
[29] WIIW (2020). Western Balkans Labor Market Trends 2020. Available here.
[30] Whereas in Serbia, gaps are the highest in 'routine' jobs.
[31] WIIW (2020). Western Balkans Labor Market Trends 2020. Available here.
[32] Indicator: 'Workforce: Percentage of firms identifying an inadequately educated workforce as a major constraint". Available here.
[33] Indicator: Adult participation in learning (% of the population aged 25 to 64 participating in formal and non-formal education and training in the last 4 weeks). Available here.

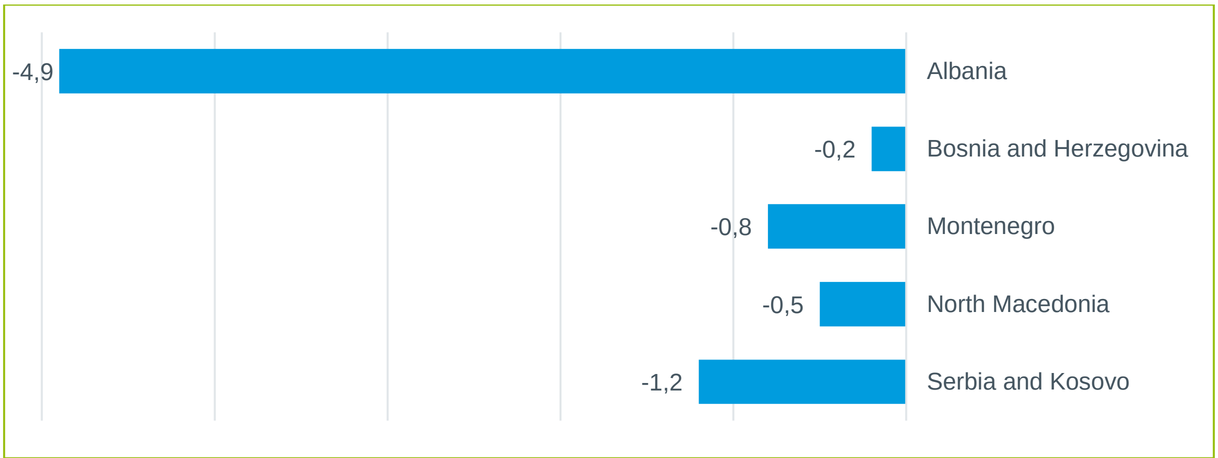
Figure 4. Adult participation in learning (last 4 weeks) in %, 2020



Source: Eurostat, available *here*.

Furthermore, the high rates of outward migration from the Western Balkans tend to make the skills shortages worse. As the net migration rates are projected to remain negative across the region (see figure below), the brain drain has also been notable and is increasing in the past decade in some of the Western Balkan countries, including Albania, BiH and Montenegro. The estimated economic costs of outward migration, according to a report by the ETF, can vary from 0.5% of GDP in Montenegro to 5% of GDP in BiH[34].

Figure 5. Net migration rate (per 1 000 population) for 2020-2025 estimates



Source: UN, World Population Prospects 2019.

Realising the need to address the persistent labour market challenges, the Western Balkan governments have also introduced measures targeting young people specifically. Most of the Western Balkan economies are putting emphasis on reforming vocational education and training (VET) systems to match skills supply with the labour market needs by revising curricula and enhancing the amount of time students spend in workplace training courses. Moreover, several projects have been launched to harmonise educational programmes in the region and strengthen local educational institutions. For example, a 4-year project 'VET for Western Balkans' (2021-2024) developed by the six economies and the EU partners aims to modernise and improve the VET systems[35]. Another

[34] ETF (2022). 'USE IT OR LOSE IT!'. How do migration, human capital and the labour market interact in the Western Balkans? Available here.

[35] European Forum of Technical and Vocational Education and Training (EfVET) VET for the Western Balkan project. More information is available here.

project ‘Internationalisation of VET systems in the Western Balkans’ focuses on creating opportunities for international learning mobility[36].

Some steps have been taken in relation to skills transparency as well. For example, the National Qualifications Framework Law was adopted in 2018 in Serbia. It established the Qualification Agency, as well as The Council of National Qualification Framework of Serbia as an advisory body in the field of lifelong learning, employment, and career guidance[37]. Moreover, mechanisms to recognise skills gained informally or non-formally are under development (including though new forms of employment), although with an uneven progress across the region. The countries have made progress in establishing legal frameworks, for example in North Macedonia and Montenegro, establishing structures and piloting in Albania, North Macedonia and Serbia[38]. For instance, in Kosovo, the National Qualification Authority developed a digital platform ‘e-accreditation’’ for Recognition of Prior Learning (RPL) in February 2022[39]. Following the changing patterns of learning and working, the developments in this area should be further prioritised to ensure certification procedures of skills gained in informal learning and previous work experience[40].

The governments are aiming to cooperate with the private sector to target young people through various measures. These cover measures aimed at facilitating the school-to-work transition, as well as active labour market policies, such as wage and tax subsidies to encourage companies to provide training, internship and employment opportunities for individuals facing employment challenges, including young people[41]. They also include broader initiatives, such as the Youth Guarantee[42]. The latter is among the most notable regional strategic policy developments. In July 2021, during the second EU-Western Balkans Ministerial Meeting on Employment and Social Affairs, the Western Balkan governments agreed to gradually introduce the Youth Guarantee across the region’s economies and to prepare young people who are not in employment, education or training (NEETs) through upskilling and reskilling with the focus on digital, green, language, entrepreneurial and career management skills[43]. Nevertheless, several important aspects are still to be addressed. While skills mismatch and skills gaps issues persist, implementation of respective policies has been slow, and sometimes inefficient[44].

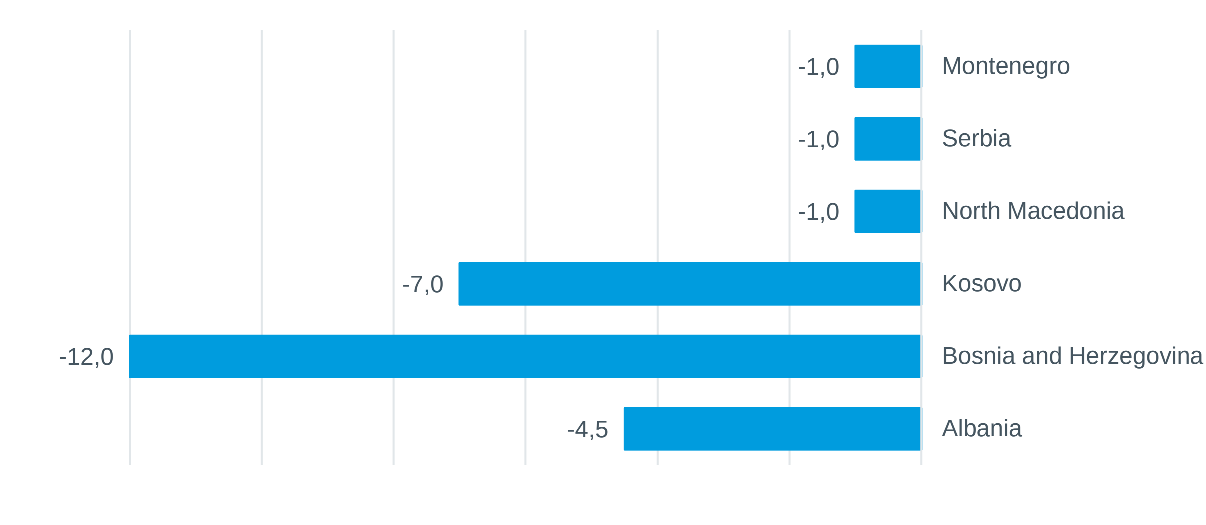
Employment

The working-age population (those aged 15-64 years) continued to shrink in most Western Balkan countries in the past years. This trend is driven by ageing populations, as well as high emigration rates. The rate of decline in the working age population in the region was more than double that in the EU-27. The share of the population aged over 65 increased by 3-4 percentage points in the various Western Balkan countries between 2011 and 2021[45]. The net migration rate[46] for those aged 15-39

[36] More information is available here.
[37] ETF (2019). Policies for human capital development: South-Eastern Europe and Turkey: an ETF Torino Process assessment.
[38] ETF 2021 NQF Country Fiches. Available here.
[39] ESVET PRO. Digital system for RPL accreditation in Kosovo. Available here.
[40] ETF (2019). Policies for human capital development: South-Eastern Europe and Turkey: an ETF Torino Process assessment, p. 40.
[41] RCC (2021). Study on Youth Employment in the Western Balkans. Available here.
[42] The Youth Guarantee is a flagship initiative at EU level providing commitment by all Member States to ensure that all young people receive a good quality offer of employment, continued education, apprenticeship or traineeship. The reinforced Youth Guarantee by the Council Recommendation of October 2020 covers all young people under the age of 30. More information available here.
[43] Western Balkans Declaration on ensuring sustainable labour market integration of young people (2021). Available here.
[44] RCC (2021). Study on Youth Employment in the Western Balkans, p. 10-11.
[45] Eurostat (2022). Population structure and ageing. Available here.
[46] The average net migration rate is the average of the ratio of the difference between immigration and emigration.

has been negative across the region and showed the lowest values in BiH in the period 2010 2019 (see Figure 6)[47].

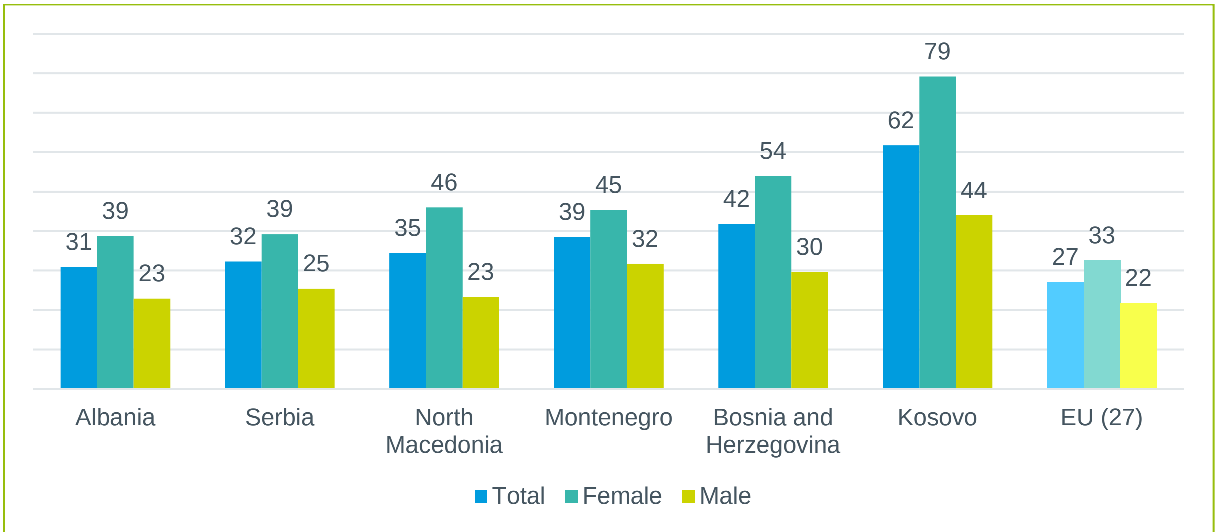
Figure 6. Average net migration rates of 15–39-year-olds (per 1 000 population), 2010-2019



Source: results from Leitner, S.M. (2021). Net migration and its skill composition in the Western Balkan countries between 2010 and 2019: Results from a cohort approach (No. 197). WIIW Working Paper.
Note: the average net migration rate is the average of the ratio of the difference between immigration and emigration and mid-year population over 2010-2019. The study was conducted on a target population aged 15 39.

At the same time, labour markets in the Western Balkans are characterised by low activity and employment rates, as well as high levels of unemployment and informality. These trends are particularly notable among more disadvantaged groups, such as women and young people. The gender gap is especially significant in the activity rates. Most notably, in Kosovo, the majority (79%) of women were inactive (see figure below).

Figure 7. Inactivity rate in 2020 (%)

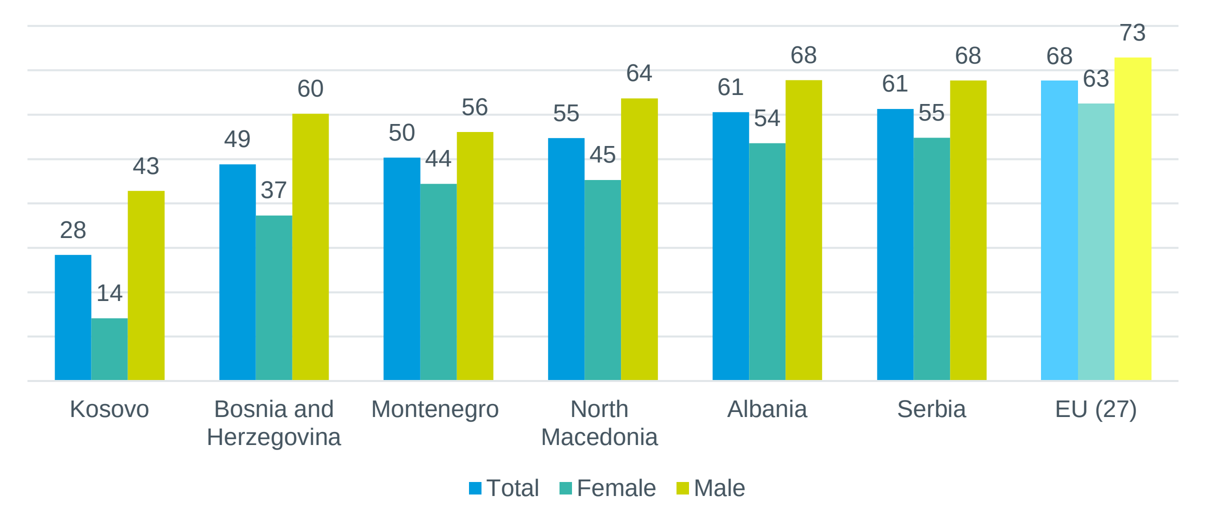


Source: inactivity rate = 100 - activity rate. Based on activity rate data from the Observatory on employment in the Western Balkans, prepared by the Regional Cooperation Council's (RCC) Employment and Social Affairs Platform 2 (ESAP 2) project, available here.

[47] Average net migration rate (the average of the ratio of the difference between immigration and emigration and mid year population) in the Western Balkans over 2010-2019. Study available here.

At the same time, the female employment rate in Kosovo is also extremely low, although the same can be said about total employment – the country has the poorest figures in the regional context. Meanwhile, Serbia and Albania reported the highest employment rates (as presented in the figure below)[48].

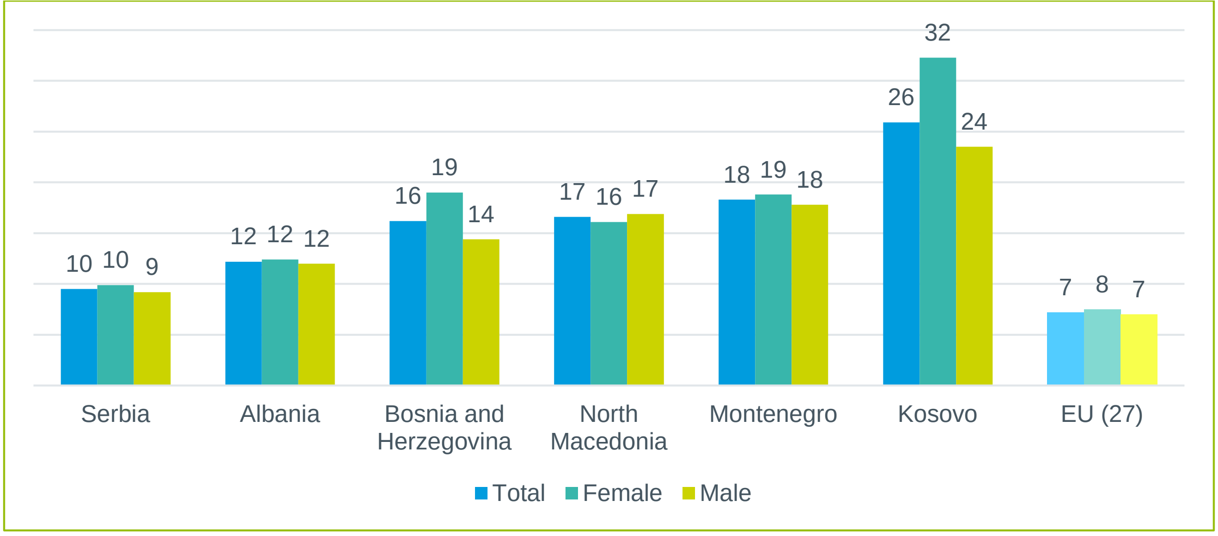
Figure 8. Employment rate in 2020 (%)



Source: data from the Observatory on employment in the Western Balkans, prepared by the Regional Cooperation Council's (RCC) Employment and Social Affairs Platform 2 (ESAP 2) project, available here.

Unemployment rates have been declining in the region, and in 2020 stood at 16.5%. Nevertheless, this is still twice as high as the average unemployment rate in the EU-27 (see figure below). In addition, the COVID 19 pandemic increased unemployment rates, and a particularly sharp increase was noticed in Montenegro whose economy heavily depends on the tourism sector[49]. Differences in unemployment rates between men and women are insignificant in most Western Balkan economies, except for Kosovo (see figure below).

Figure 9. Unemployment rate in 2020 (%)



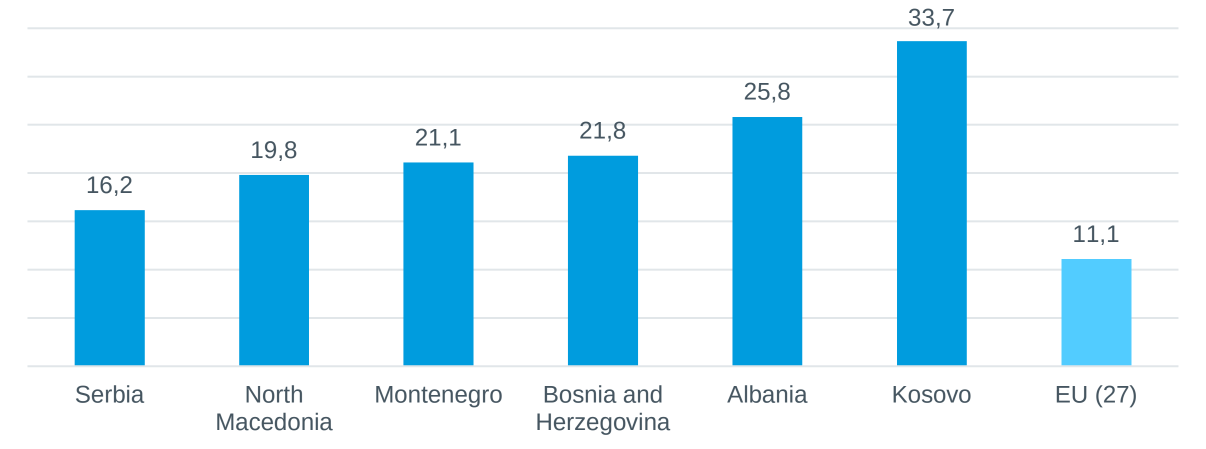
[48] Bartlett, W. and Oruc, N. (2021). Labour markets in the Western Balkans. Regional Cooperation Council. Available here.
[49] Bartlett, W. and Oruc, N. (2021). Labour markets in the Western Balkans. Regional Cooperation Council. Available here.

Source: Data from the Observatory on employment in the Western Balkans, prepared by the Regional Cooperation Council's (RCC) Employment and Social Affairs Platform 2 (ESAP 2) project, available here.

However, when interpreting the activity, employment and unemployment rates, it is important to bear in mind another key characteristic of the region: the high levels of informal employment. As of 2019, Albania had the highest informal employment rate of over 40%. In the other Western Balkan economies, the rate was around 20-30%[50]. In many instances, if not all, at least a part of workers' salaries was paid informally. This was related to other often reported abuses by employers, such as limiting workers' rightful access to paid holidays etc. During the COVID 19 pandemic, informal and undeclared workers were especially vulnerable, as they could not access financial support available for those in traditional employment. Groups that are generally more disposed to undeclared work were, therefore, at increased risk. These were primarily unskilled workers, the older unemployed and retirees, women and young people[51].

Overall, the shares of young people in the Western Balkans not in employment, education or training (NEETs) were significantly higher than the EU average.

Figure 10. Share of young people (15-24) not in employment, education or training (NEETs) in 2020 (% of the youth population)

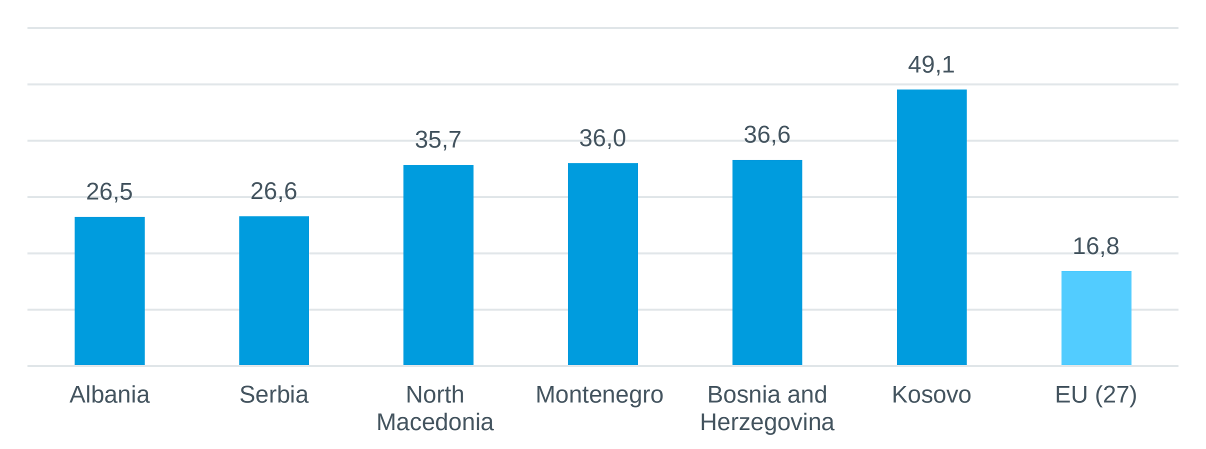


Source: data for the Western Balkans economies – ILOSTAT, available here; for the EU – Eurostat, available here.

Youth unemployment further increased by 5.1 percentage points during the COVID 19 pandemic[52]. In 2020, the youth unemployment rate in the Western Balkan economies was higher than the average EU rate, with Kosovo leading as almost half of the young people were unemployed (see figure below). Around 25% of young people were in vulnerable employment[53]. Long-term unemployment is another feature of the Western Balkan labour markets which for young people can lead to a 'labour market scarring' effect and carry severe long-term consequences by increasing the risk of social exclusion[54]. Unemployment insurance schemes in the region are considered restrictive and informal, temporary or atypical workers are not covered by the schemes[55].

[50] Bartlett, W. and Oruc, N. (2021). Labour markets in the Western Balkans. Regional Cooperation Council.
[51] European Centre for Social Welfare Policy and Research (2021). Regional overview of Western Balkan economies regarding the European Pillar of Social Rights; Bartlett, W. and Oruc, N. (2021). Labour markets in the Western Balkans. Regional Cooperation Council.
[52] Bartlett, W. and Oruc, N. (2021). Labour markets in the Western Balkans. Regional Cooperation Council.
[53] Bartlett, W. and Oruc, N. (2021). Labour markets in the Western Balkans. Regional Cooperation Council.
[54] Mascherini, M., Ledermaier, S., Vacas-Soriano, C. Jacobs, L. (2017): Long-term unemployed youth: Characteristics and policy responses, Eurofound. Available here.
[55] Kahlert, R. and Sandu, V. (2021). Regional Overview of Western Balkan Economies Regarding the European Pillar of Social Rights. Regional Cooperation Council. Available here, p. 33.

Figure 11. Young people (aged 15-24) unemployment rate in 2020 (%)



Source: data from the Observatory on employment in the Western Balkans prepared by the Regional Cooperation Council's (RCC) Employment and Social Affairs Platform 2 (ESAP 2) project, available here.

Due to the scarcity of jobs, self-employment and entrepreneurship promotion is a noteworthy part of active labour market policies in most of the economies in the region. Both financial and non-financial incentives are used, including training courses, workshops, mentoring, career counselling and business plan development support, as well as grants. Although, these are not always devoted to the new forms of work, a few notable examples are worth mentioning.

- In Kosovo, the Information Technology Strategy focuses on IT entrepreneurship development. Moreover, the Kosovo's Digital Economy (KODE) programme[56] supported by the International Development Association and implemented by the Ministry of Economic Development of Kosovo specifically mentions platform work as an opportunity for the unemployed.
- Albania is developing a new startups law that will make starting a business easier for young people. There is also a 'Start-ups and Innovation Programme', which aims at providing young people with new skills to increase the number of employed and self-employed and support innovative SMEs.
- In North Macedonia, the Annual Operational Plan for Active Labour Market Programmes and Measures 2020-2024 offers a self-employment programme focused on entrepreneurship and support of SMEs to create new jobs for young people.
- In Serbia, all newly established startups that perform innovative activities can obtain the right to tax exemption and social security insurance contributions from the salary of the founders who are employed at the newly established company for up to 36 months[57].

Nevertheless, these and related measures have a number of weaknesses. While employment programmes have been developed, their success is limited. Young people often show little interest in government employment programmes due to the low salaries. Furthermore, these measures are likely be misused by some employers 'as a way of hiring low-paid qualified staff on temporary contracts, rather than as a tool for improving young people's skills and a step towards permanent employment'[58]. Existing labour market institutions also do not address young people in non-standard forms of employment.

To address the most recent challenges posed by the COVID-19 pandemic, the governments of the Western Balkans adapted new active labour market policies by increasing expenditure and expanding policy reach (North Macedonia), and by developing new job retention programmes (BiH, Serbia). Such

[56] KODE project. Available here.
[57] According to the Individual Income Tax Law and the Law on Mandatory Social Security Insurance.
[58] RCC (2021). Study on Youth Employment in the Western Balkans, p. 262.

measures were increased in all six economies; however, they still did not sufficiently cover young people, as well as informal/undeclared and freelance workers.

Non-standard and new forms of employment

Non-standard (or atypical) employment[59] 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; and disguised employment and dependent self-employment. The study focuses on those relating to digitalisation, which seem to set the trend for future developments of non-standard work.

Various forms of atypical work are gaining prominence in the Western Balkans – often as a result of a lack of well-paid, high-quality jobs and, more recently, because of the COVID 19 pandemic. On the one hand, for a period of time, the pandemic reduced the aggregate demand and supply in all six economies, led to lay-offs and reduced wages, especially for those in vulnerable employment (i.e. informal workers, those hired through temporary contracts). On the other hand, the pandemic led to increasing online learning, remote work and e-commerce in the Western Balkans[60]. For example, in 2018, around one third of individuals aged 25 to 64 with high formal education had worked from home at least once[61]. Since the start of the pandemic, a quarter of people reported to work from home more often than before the pandemic[62]. More flexible working arrangements such as part-time work, remote work and self-employment also became more visible as the changes in the labour market and lay-offs following the pandemic encouraged the Western Balkan workforce to seek new working arrangements.

These types of jobs also offer greater flexibility in juggling professional obligations and family arrangements or other goals one may pursue. Non-standard forms of work, therefore, often attract students or people with care obligations. However, these working arrangements also bring many risks, which have not yet been addressed sufficiently in public policies in the region.

Only some of the many forms of new and/or non-standard forms of work are regulated in the existing legislation and routinely recorded by conventional statistics. These include, most notably, self employment, temporary employment and part-time work.

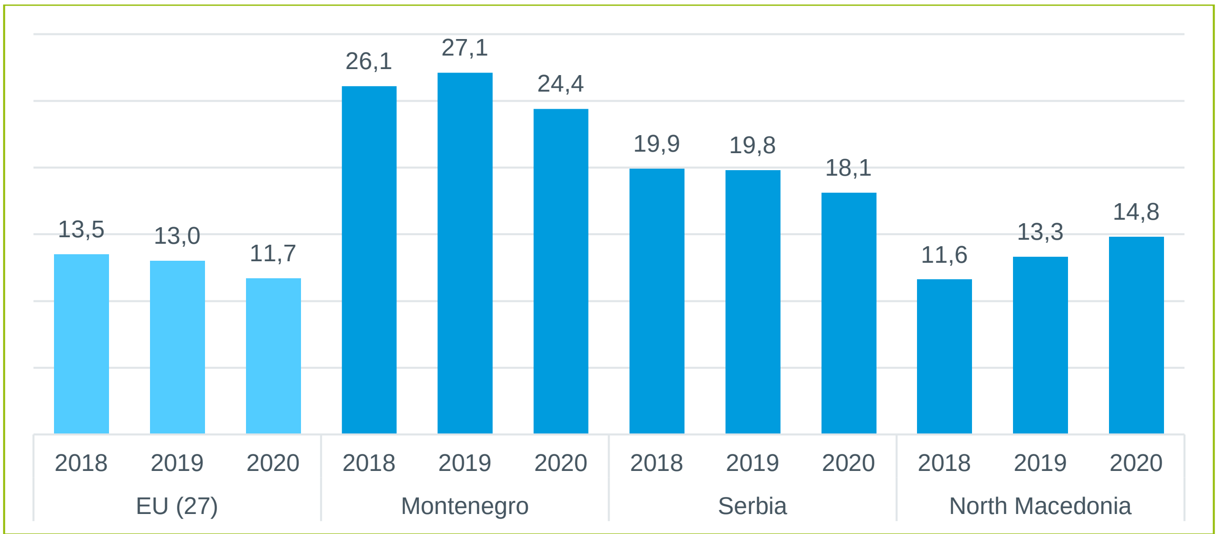
Overall, high figures of such non-standard employment as self-employment, temporary employment (see figures below), part-time work and informal work are reported in the Western Balkans. In particular, informal employment and self-employment are noted to be prevalent in all six economies of the region in the literature – much more so than in the EU countries.

[59] Eurofound (2021). Non-standard employment. Available here.
[60] Çela et al. (2020). Western Balkans 2030 Trends. Visegrad Insight. Available here, p. 19.
[61] Data on the five Western Balkan economies for which data was available. Available here.
[62] Bieber, F. (2020). The Digital Leap. How COVID19 Transformed the Digital Future for the Western Balkans. Ostausschuss der Deutschen Wirtschaft e.V. / German Eastern Business Association Haus der Deutschen Wirtschaft, Breite Straße 29, 10178 Berlin, p. 13. Available here.

Figure 12. Working status in 2018 (% of total employment)

Source: data from Eurostat, available [here](#).

Figure 13. Temporary employment in 2020 (% of total employment)

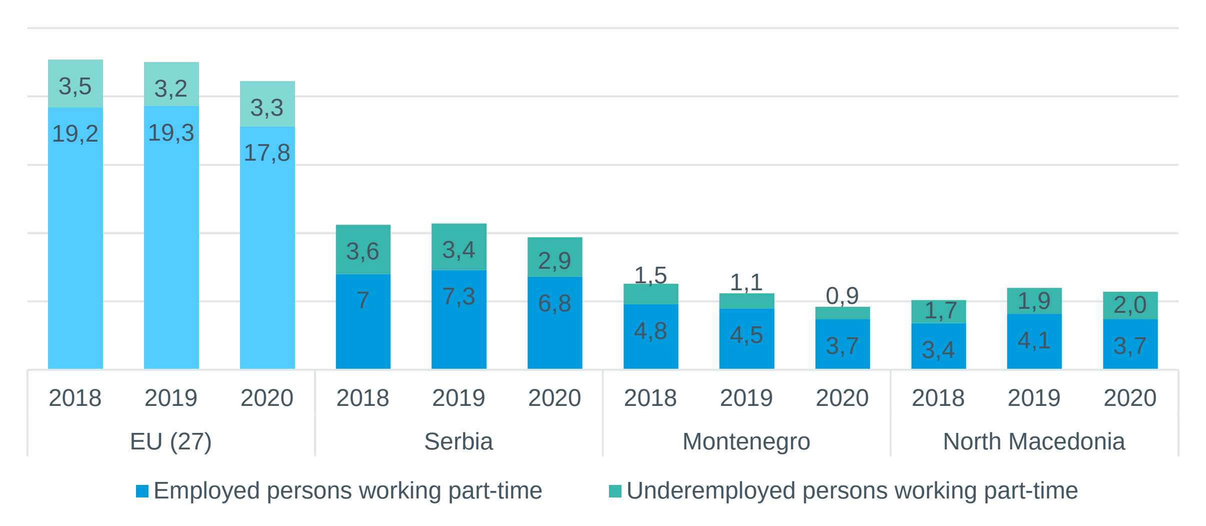


Source: Eurostat, available [here](#).

As the labour markets in the region struggle to supply quality standard jobs, the Western Balkan populations are used to atypical employment often associated with precariousness. In fact, as country specific findings show, fixed-term contracts and part-time work are often not a choice, but imposed on workers[63]. As illustrated in the figure below, a rather stable share of part-time workers reported being underemployed both before and during the COVID 19 pandemic.

[63] Based on the Country Reports prepared for this study.

Figure 14. Part-time employment 2018-2020 (% of total employment)



Source: Eurostat, available here.

Meanwhile, new forms of employment[64] represent another specific umbrella term for the more diversified forms of employment that are emerging or have been gaining importance since around 2000. Alongside traditional employment relationships, new forms of work are characterised by changing working patterns, contractual relationships, places, duration and schedule of work, increased use of information and communication technologies (ICT), or a combination thereof. These include remote work enabled by ICTs, portfolio work by freelancers, co-working, casual work and platform work, among other forms.

Such new forms of work – especially those associated with and enabled by digitalisation – are not tracked in the official statistics, and less data exists to understand their prevalence across the region. The research on the trends of new forms of employment at national and regional level is also rather fragmented, with some countries (e.g. Serbia) and some forms of work (e.g. platform work, see the following chapter) covered more extensively than others.

For example, temporary agency work is not regulated specifically in some of the countries, although this form of employment has gained popularity in the past few years in at least several Western Balkan economies (e.g. Montenegro and Kosovo)[65]. Freelancing by highly skilled professionals – on and outside digital labour platforms – has also become increasingly popular in most Western Balkan countries, as shown by national findings in Serbia, Albania, BiH, Kosovo and North Macedonia. In many cases, the freelancing job opportunities for Western Balkan freelancers are a result of outsourcing by foreign firms. It is associated by the potential of high earnings, especially when working for foreign clients from the EU or North America.

Nevertheless, despite the increasing flexibility of the labour markets, traditional employment remains preferable for the majority of workers and employers. Based on the findings of country specific research activities for this study, the new and non-standard forms of employment are mostly popular among young people who are more comfortable with innovative working arrangements, or those for whom traditional employment is not an option because of personal or other reasons.

[64] Eurofound (2021). New forms of employment. Available here.
[65] It is regulated in Serbia. More information is available here.

PLATFORM WORK IN THE WESTERN BALKANS

Platform work has become one of the most visible new forms of work in Europe, especially given the recent social and policy debates. This study considers platform work as all labour provided through, on, or mediated by online platforms in a wide range of sectors, where work can be of various forms and be provided in exchange for payment. Jobs on digital labour platforms are broken into tasks and contracted out, while services are provided on-demand. At least three parties are involved in each transaction: an online platform, workers and clients. At the same time, the matching of workers and clients is digitally mediated and administered, although the algorithmic management can be of different degrees.

The increasing trend to use digital platforms to organise work and get jobs has not bypassed the Western Balkan region. A number of studies, as well as the national fieldwork conducted for this research project, indicates that platform work has been on the rise in all six economies[66]. In the following section, we overview the two main types of platform work: remote and on-location, as well as their various forms, identified in the target countries. For more details on the definitions and conceptualisation of platform work, please see Annex 1.

It is important to note that the methods of data collection applied, namely interviews, desk research and analysis of data from selected platforms, does not allow a conclusive quantitative insight into the size of and distributions within platform work in the Western Balkans to be provided. Nevertheless, triangulation of the different sources does provide rather strong evidence for the increasing prevalence of platform work, worker demographics and working conditions.

Remote platform work

Data sources on remote platform work

To overview the prevalence of remote platform work in the Western Balkans, and to compare the economies of this region with each other, three complementary data sources were use, all of which employ automatically collected data:

- The Gigmetar report prepared by Public Policy Research Center (CENTAR)[67] This presents an analysis of remote platform work for Serbia, Montenegro, Albania, BiH and North Macedonia, conducted in August 2021, and covering three popular labour platforms: Upwork, Freelancer.com and Guru.com. The analysis focuses on active platform workers.
- The Online Labour Index (OLI), developed by the Oxford Internet Institute[68]. Its data provides longitudinal insight into how the numbers of active workers in all six Western Balkan economies have changed from 2017 to early 2022. The OLI measures the supply and demand of online freelance labour across countries and occupations by tracking the number of projects and tasks across platforms in real time[69]. The iLabour data on workers focuses on four major online labour platforms: Fiverr, Freelancer.com, Guru.com and People Per Hour. Each platform is sampled every day on each worker's home country, occupation category and when they last completed a project.

[66] Golušin, S. (2020). Skilled professionals and precarious replaceable labor. Exploring the career prospects of Serbian freelancers. Available here, p. 3.
[67] Public Policy Research Center (2022). GIGMETAR. Available here.
[68] The iLabour Project (2022). The Online Labour Index. Available here.
[69] At the time of data analysis, the sample of platforms used in iLabour was limited to the largest English language platforms as indicated by the unique monthly visitor estimate provided by Alexa. When the index was first developed in 2016, these were Freelancer.com, Guru.com, MTurk.com, Peopleperhour.com and Upwork.com. The sample accounts for at least 60% of all traffic to English-language online labour platforms. They also represent a range of different market mechanisms and contracting styles, from online piecework to hourly freelancing. The core unit of analysis in the Online Labour Index (OLI) is a vacancy (i.e. a work assignment published).

These samples are then weighted by the number of registered workers on each platform, to calculate the total number of currently active workers on all platforms. The datasets are shared publicly. The 'currently active' worker is anyone who has completed a project over the last 28 days[70].

- Data automatically collected for this specific study, as described in Annex 2. This provides additional insights into gender gaps and pay. The data collection took place in November 2021 and represents all registered platform workers on Freelancer.com, Guru.com, Hubstaff Talent and People Per Hour.

Although, due to the different selection of digital labour platforms, the figures from the three sources are not directly comparable, they complement each other to provide additional insights into the change of remote platform work in the different countries in time, the shares of active and inactive people attempting to work through platforms and the demographic profiles of platform workers. These are presented below.

Prevalence of remote platform work in the Western Balkans

The Western Balkan region has been highlighted in various sources for its supply of freelancers on global online platforms. According to the Analytics Help, five Western Balkan economies: Albania, BiH, Montenegro, North Macedonia and Serbia were among the top 10 countries in the world in the number of freelancers per 1 000 people in 2018[71]. Serbia and North Macedonia were the top two countries in the list, and in general have been consistently among the leaders of online labour globally. Serbia, specifically, was ranked first in 2015 and 2018 as the country with most freelancers relative to population size[72]. In this regard, North Macedonia came second in 2018.

Table 1. Population size of Western Balkan countries

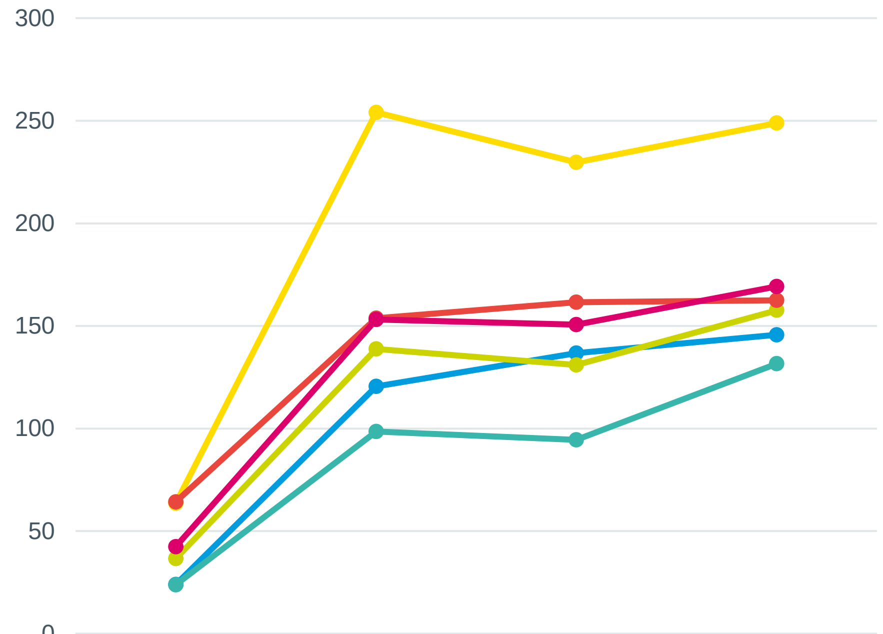
Country	Population size 2020 (in millions)
Albania	2.838
Bosnia and Herzegovina (BiH)	3.281
Kosovo	1.873
Montenegro	0.622
North Macedonia	2.097
Serbia	6.908

Source: World Bank, 2020.

According to the most recent Gigmetar data from August 2021 at the time of the analysis, North Macedonia was leading in the number of freelancers per 100 000 of the population as Serbia reported 162.5 compared to 248.9 in North Macedonia[73]. Other Western Balkan economies have also witnessed an increase in digital workforce. The figure below helps to understand the fast growth of online labour in the Western Balkans:

[70] Kassi, O. (2017). Measuring the Supply of Digital Labour: How the OLI Worker Supplement Is Constructed| The ILabour Project. Available here.
[71] Analytics Help (2018). Global Internet Freelance Market Overview for 2018. Analytics Help. Available here.
[72] Analytics Help (2018). Global Internet Freelance Market Overview for 2018. Analytics Help. Available here.
[73] Public Policy Research Center (2021). GIGMETAR. Available here.

Figure 15. Number of online freelancers per 100 000 of the population on the Upwork, Freelancer.com and Guru.com platforms



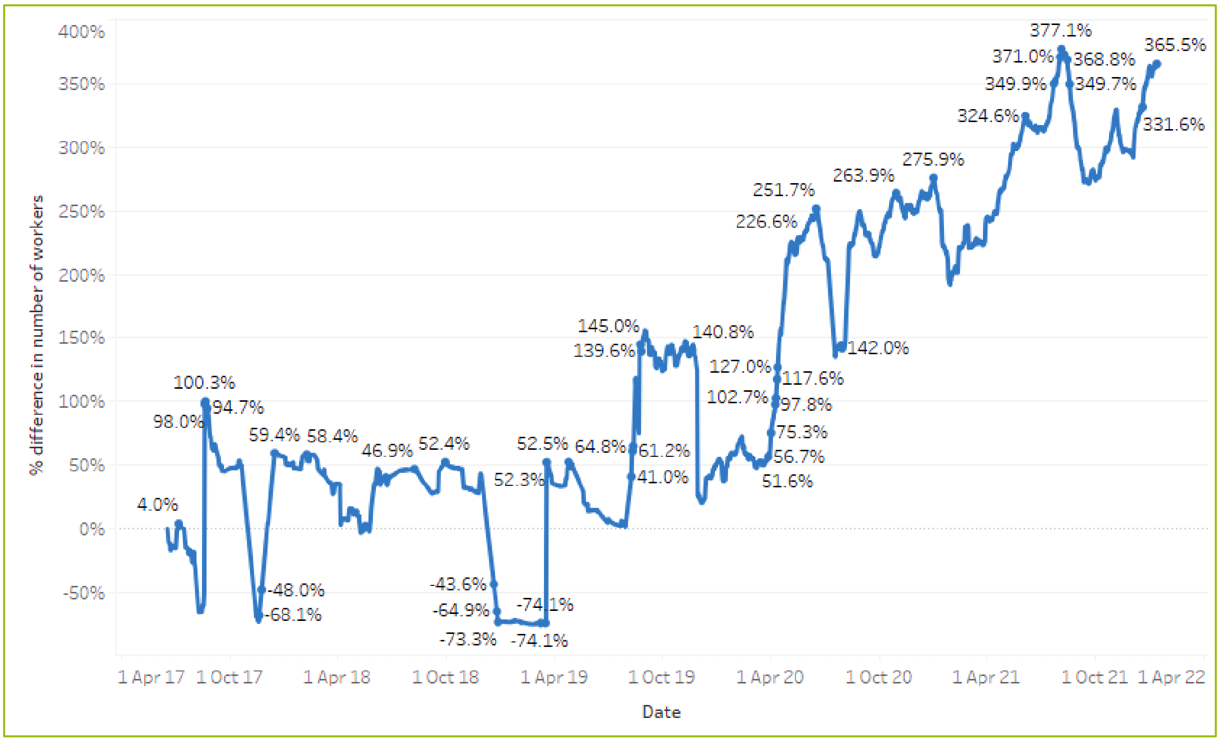
	2020 May	2020 October	2021 February	2021 August
Albania	24	120,6	136,7	145,7
Bosnia and Herzegovina	23,9	98,5	94,5	131,6
Montenegro	36,6	138,8	131	157,6
North Macedonia	63,6	254,1	229,7	248,9
Serbia	64,3	153,7	161,5	162,5
Regional average	42,48	153,14	150,68	169,26

Source: compiled by PPMI using data from Public Policy Research Center (2021). Gigmetar reports are available here.
Note: data on Kosovo was not available.

The figure illustrates how the share of freelancers on the three most popular online labour platforms in each country has grown over a 15-month period (from May 2020 to August 2021). However, the actual growth could be even bigger considering that other platforms and types of new forms of work are underreported in the existing sources.

The OLI data also illustrates a notable growth of remote platform workers in the Western Balkans in the overall figures in the period 2017 2022, and especially since 2020 (see figure below).

Figure 16. Percentage change in the numbers of active workers in the Western Balkans from 2017



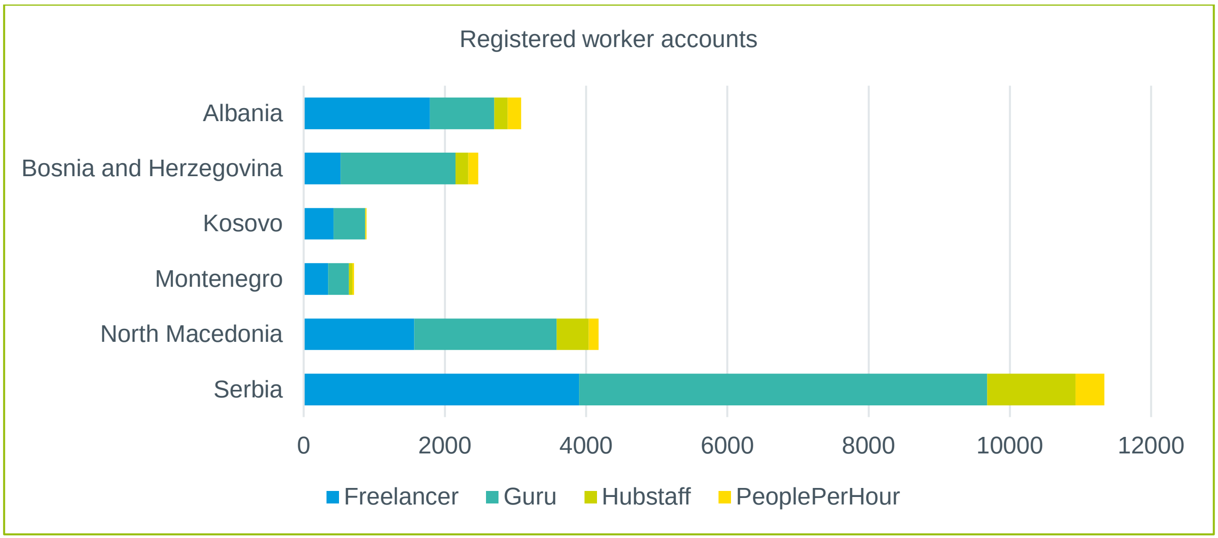
Source: The OLI Index.
Note: the numbers show a percentage change in the number of active platform workers from the starting date in spring 2017.

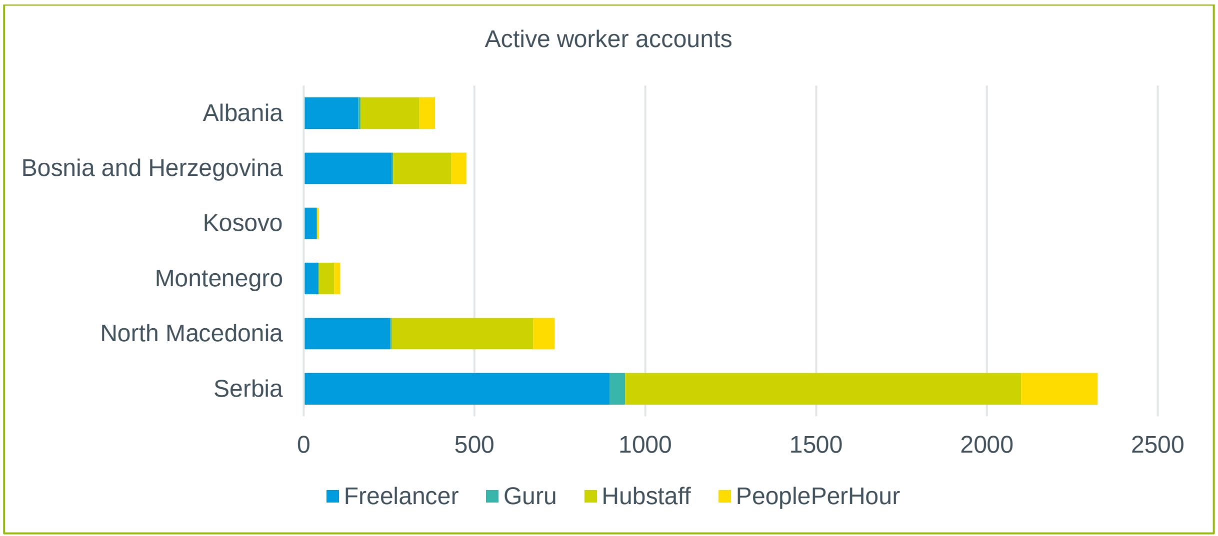
However, most of this growth has been driven by the growth of platform work in Serbia, which is a clear leader in remote platform work in terms of absolute numbers of platform workers in the region due to the population size. In 2021, it was the number 10 country in terms of the global share of all freelancers working through platforms monitored by the OLI. This is corroborated in a number of other sources. For example, according to a 2021 International Labour Organization (ILO) report on platform work in Eastern Europe[74], Serbia is not only the leader among the Western Balkan countries in terms of the number of freelancers engaged in remote platform work, as Serbian also mediates the regional dimension of online work in the Balkans, just as Russian does in the Eastern Partnership countries (EaP).

The analysis of automatically collected data for this study shows the same trend. Serbians were the most populous groups of workers – both registered and active – on all four platforms analysed, as illustrated in the figures below (see figures below). Serbia was followed by North Macedonia and Albania, while Montenegro and Kosovo had the least registered and active workers in absolute terms.

[74] Aleksynska, M. (2021). Digital work in Eastern Europe: overview of trends, outcomes and policy responses. International Labour Organization.

Figure 17. Numbers of registered and active worker accounts per country (November 2021)

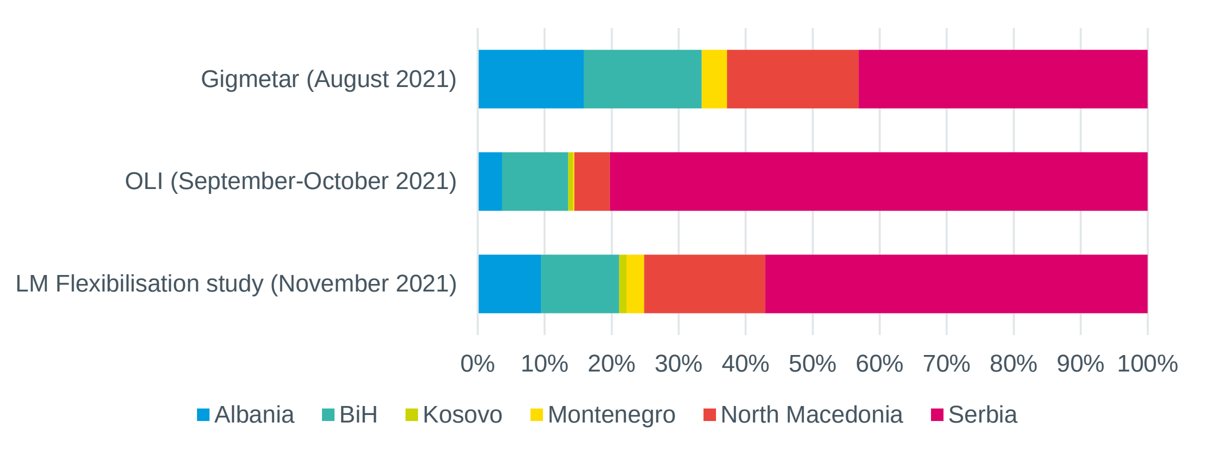




Source: compiled by the PPMI using data automatically collected for this specific study.
Note: the actual number of workers could differ because the same person could have an account on multiple platforms, or some accounts could be used by more than one freelancer.

Comparing the three available sources of data, each of which covers a slightly varying selection of platforms, Serbia is consistently the largest provider of the remote labour force in the Western Balkan region (see figure below). North Macedonia is in second place, according to two of the data sources, followed by BiH and Albania. The extent of platform work supply also partially reflects the size of the population, for example Serbia's population is two or three times bigger than that of the other Western Balkan economies, which partially explains its large supply of workers.

Figure 18. Western Balkan online workforce by country, comparison by data source



Sources: Public Policy Research Center (2021). Gigmetar reports are available here; OLI data; and data automatically collected for this specific study.
Note: Gigmetar data (August 2021) on Kosovo was not available.

Besides the platforms analysed in depth in the OLI, Gigmetar and this study, workers from the Western Balkans use many more. The table below provides the numbers of workers from the six countries on the platforms that were identified as most popular in the Western Balkans as of April 2022.

Table 2. Remote work platforms popular in the Western Balkans

Platform name	Country of origin	Main language	AL	BiH	XK	ME	MK	RS
			Approximate numbers of registered worker accounts					
Fiverr	Israel	ENG	121	43	27	40	22	18
Freelancer.com	Australia	ENG	2,648	2,560	637	448	2,023	5,497
Guru.com	US	ENG	888	1,545	443	292	1,763	5,603
PeoplePerHour	UK	ENG	388	190	29	56	199	558
Dribble	US	ENG	42	45	65	18	113	494
Hubstaff Talent	US	ENG	133	78	69	96	271	781
			Numbers of reviews					
Upwork*	US	ENG	8,088	10,703	/**	2,656	18,147	52,137

Source: platform websites, reviewed by the PPMI in April 2022. Based on the findings of desk research, Western Balkan platform workers are active on a considerably larger number of platforms; however, they do not provide exact numbers of workers.
*Upwork does not provide information on the numbers of registered workers but does provide data on the total numbers of reviews that people from a specific country have received. Instead of the number of workers, this figure shows the number of tasks or projects completed by workers from the country.
**Kosovo is not included in the list of countries on Upwork, although a number of Kosovar workers have requested this in the Upwork community forum. The platform argues that this is due to limitations with the platform's payment partners.

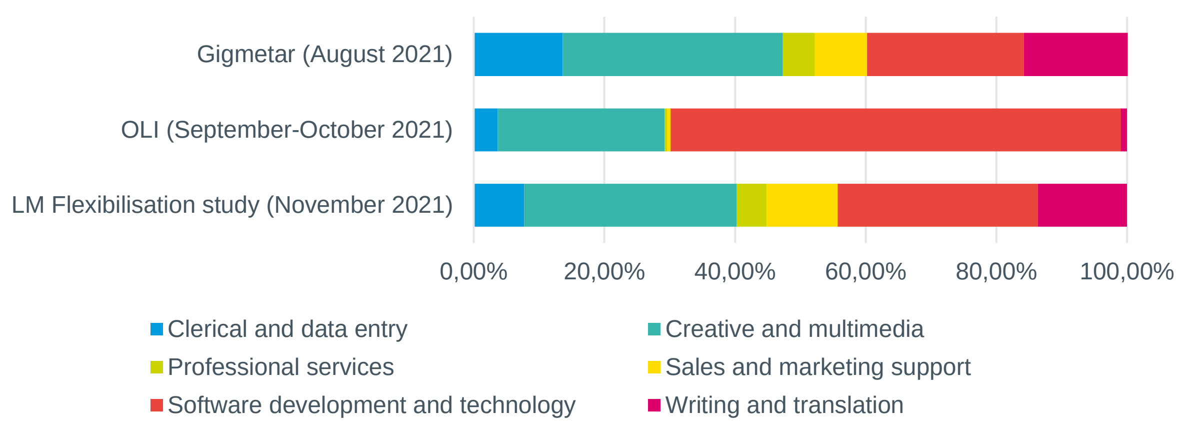
Although the figures provided above on Upwork and the other remote labour platforms are not directly comparable, the data collected indicates that Upwork is the remote work platform which is used the most by the Western Balkan workers. This was confirmed by the national level interviews with various stakeholders, as well as evidence presented by Gigmetar[75]. Moreover, data from Gigmetar (covering Bulgaria, Romania, Croatia and Hungary), and a comparison of an analysis of automatically collected data on the Western Balkans and EU countries (conducted by the PPMI[76] and covering Denmark, Lithuania, Netherlands, France, Poland, Germany, Italy, Spain and Romania) indicate that, compared to other platforms, Upwork is likely to be more popular among Western Balkan workers than workers from EU countries. Upwork's popularity could lie in the fact that freelancers have access to a wide range of projects, the signing up process is relatively easy but trustworthy as it involves a verification process of project providers as well as freelancers, and freelancers consider the pay on Upwork to be higher than that on other freelancing platforms.

Worker profiles: occupation, gender and pay

The sources presented at the beginning of this section revealed information on the Western Balkan **platform worker profiles** in terms of their occupation, gender and pay rates.

To begin with, the three sources on remote platform work analysed in this report are not unanimous about the main occupation of Western Balkan main platform workers. While according to the OLI the main occupation is software development and technology work, the other two sources list creative and multimedia occupations as the most numerous among the Western Balkan platform workers. The differences may result from the varying selection of platforms (see above), the countries covered (Gigmetar does not include Kosovo) and the methodology of data collection (e.g. the OLI uses weighted sample data to provide estimates, while the data for this study was collected on the whole target population of workers). Nevertheless, all three sources allow it to be concluded that the two dominant occupations in which the workers from the Western Balkan region engage are: creative and multimedia work; and software and technology work (see figure below).

Figure 19. Occupations of active platform workers from the Western Balkans according to different sources



Sources: Public Policy Research Center (2021). Gigmetar reports are available here; OLI data; and data automatically collected for this specific study.
Note: Gigmetar data (August 2021) on Kosovo was not available.

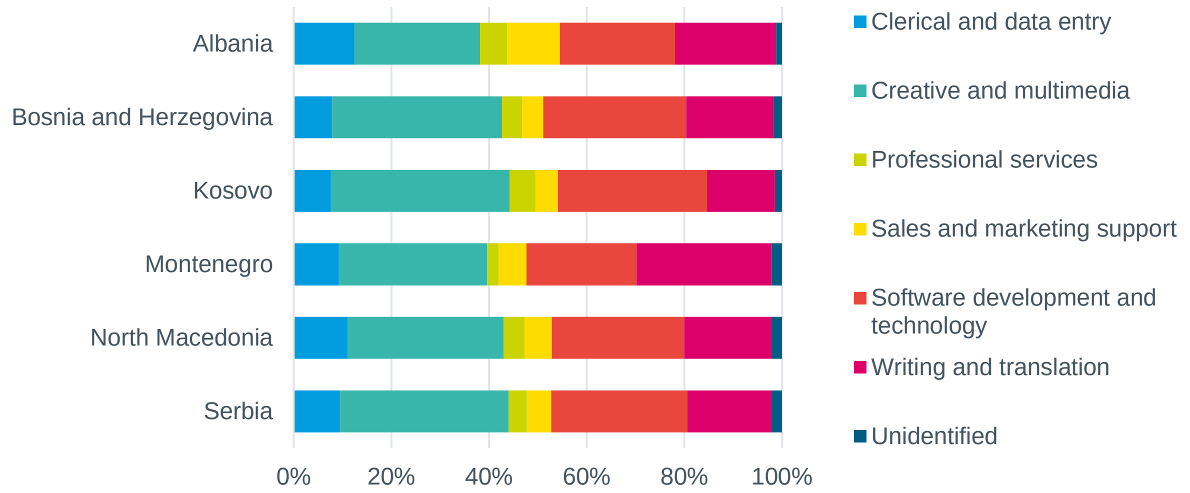
These trends have been rather stable over time. For example, **creative and multimedia** has been the most popular occupation among Western Balkan freelancers for several years, as shown in the Gigmetar measurements taken in May 2020, October 2020[77], February 2021[78] and August 2021[79],even though the relative share of this occupation was slightly decreasing over time. The

[75] Public Policy Research Center (2022). GIGMETAR. Available here.
[76] PPMI (2021), Study to support the impact assessment of an EU initiative to improve the working conditions in platform work. Annexes. European Commission. Available here.
[77] Public Policy Research Center (2022). GIGMETAR. Available here.
[78] Public Policy Research Center (2022). GIGMETAR. Available here.
[79] Public Policy Research Center (2022). GIGMETAR. Available here.

second most popular platform occupation was **software development and technology**[80]. More recent data from the OLI (April 2022) suggests that these two occupations are still the most dominant[81].

As the data collected for this study shows (see figure below) – and is corroborated by the Gigmetar data – the distribution of occupations remains similar in the individual countries as well.

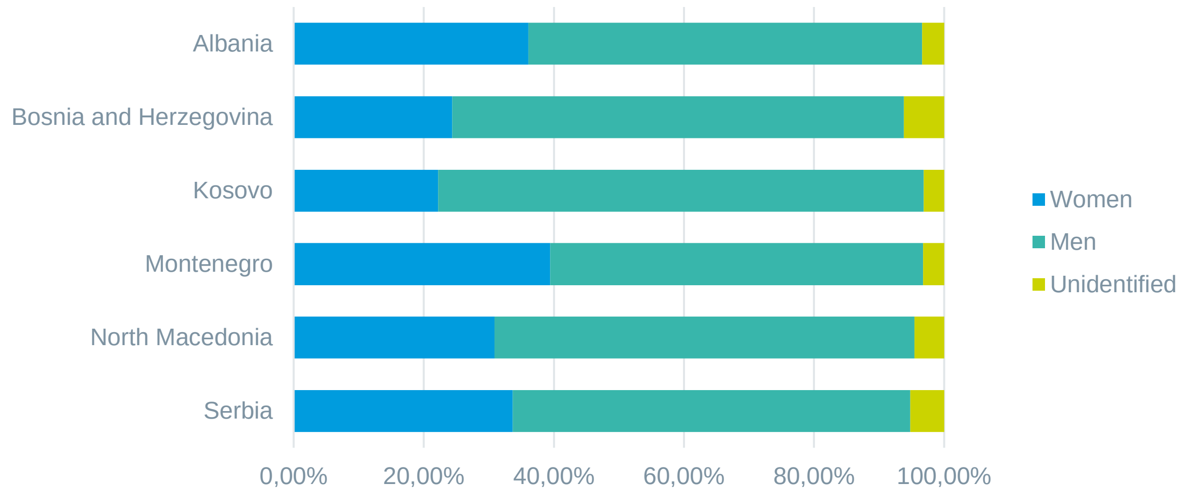
Figure 20. Occupation of registered workers by country (November 2021)



Source: compiled by the PPMI using data automatically collected for this specific study.

Furthermore, the **gender divide** in the Western Balkan remote platform work is very pronounced. The Gigmetar[82] and data collected for this study show the dominance of men across all six Western Balkan economies. Both sources indicate that around 60-70% of workers are men in the region overall, as well as in the individual countries.

Figure 21. Gender of registered workers by country (November 2021)

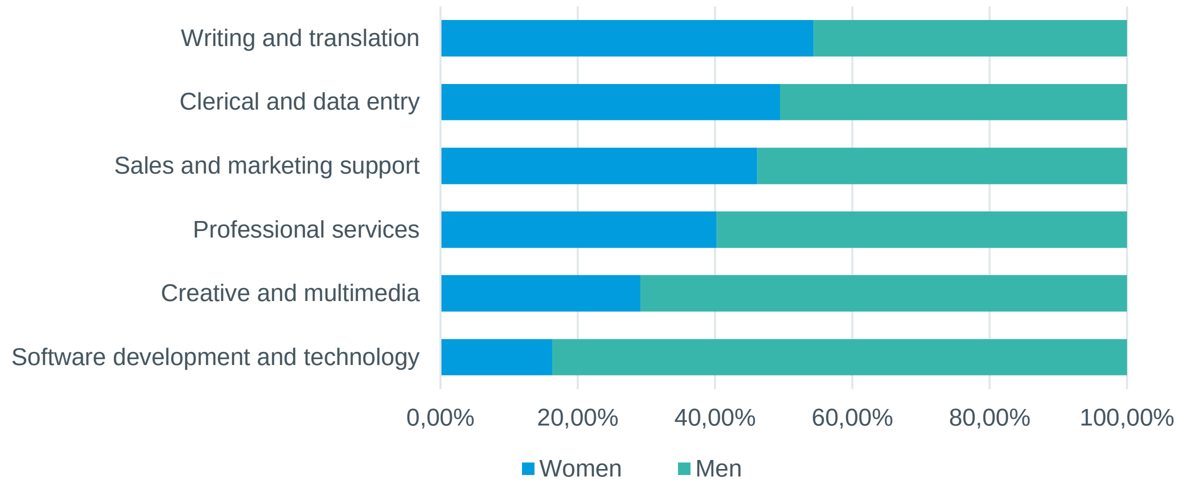


Source: compiled by the PPMI using data automatically collected for this specific study.

[80] Comparable data on Kosovo was not available; however the desk research indicates that these two occupations are also the most popular in Kosovo.
[81] Kässi, Otto; Hadley, Charlie; Lehdonvirta, Vili (2019): Online Labour Index: Measuring the Online Gig Economy for Policy and Research. Figshare. Dataset. Available here.
[82] Public Policy Research Center (2022). GIGMETAR. Available here.

As in the EU and Eastern Partnership countries, the occupational choices of platform workers vary by gender. Writing and translation work is the only occupation in which more women than men engage. Meanwhile software development and technology work is strongly dominated by men, somewhat reflecting the trends of the traditional labour markets (see figure below).

Figure 22. Gender of registered workers by occupation (November 2021)



Source: compiled by PPMI using data automatically collected for this specific study.

Finally, insofar as the income from platform work is concerned, Gigmetar and the automatically collected data for this study provide insights into the requested hourly rates of the Western Balkan remote platform workers, which was around USD 14[83] or USD 18[84] on average. These rates are notably lower than in countries from the same region that are EU Member States[85], and the EU Member States in general, which exceed USD 20[86]. However, the rates are attractive to workers from the region as they are higher than those in the traditional economy.

Furthermore, differences by country, occupation and gender in terms of hourly rates were noticeable across the Western Balkan region. To begin with, Montenegrin workers had the highest hourly rates, while Macedonians had the lowest. Several articles have noted that wages on online platforms offer significantly higher income to people from the Western Balkans compared to wages in the traditional labour market[87]. This is also illustrated by the study data (see Table 3). However, it is important to note that such comparisons should be made carefully: the hourly wages of freelancers should also take into account the unpaid time spent for securing paid tasks, data which is difficult to obtain. Meanwhile, foreign clients still consider the region's freelancers as a rather cheap form of labour, hence the demand for them has been increasing[88].

[83] Based on the data collected automatically for this study.
[84] According to Gigmetar data.
[85] Public Policy Research Center (2022). GIGMETAR. Available here.
[86] PPMI (2021), Study to support the impact assessment of an EU initiative to improve the working conditions in platform work. Annexes. European Commission. Available here.
[87] Maksimović, S. (2018). The new Balkan Dream is a $2,000 per month telecommute. DW.com. Available here.
[88] Maksimović, S. (2018). The new Balkan Dream is a $2,000 per month telecommute. DW.com. Available here.

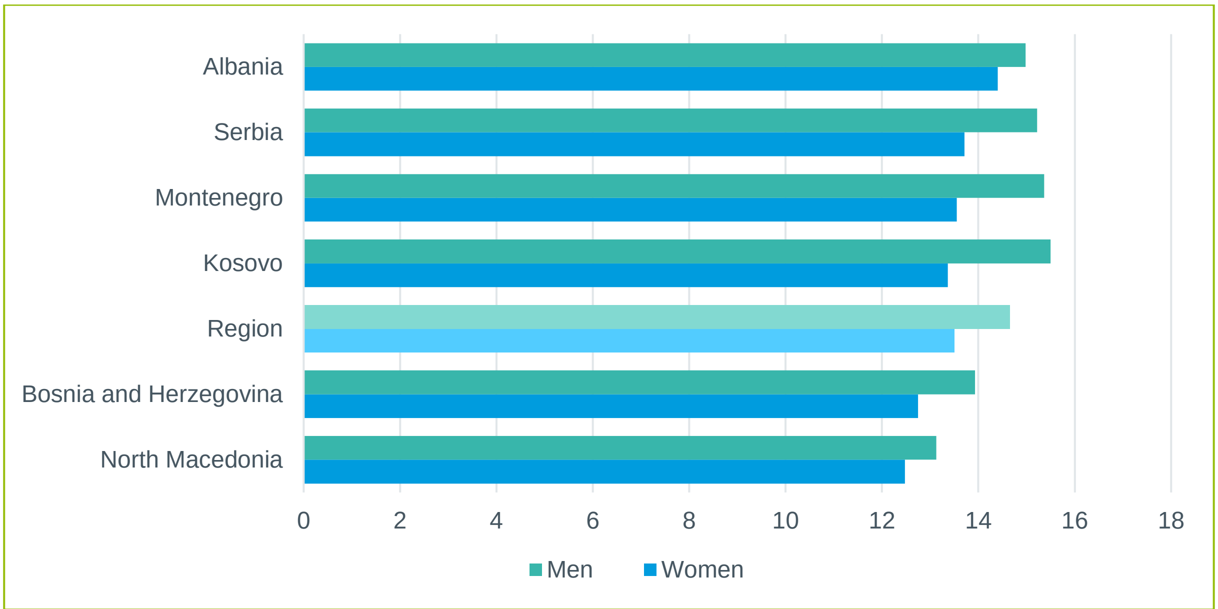
Table 3. Average monthly salary in the Western Balkans (after tax)

Country	Average monthly salary (EUR)	Average monthly salary (USD)	Estimated average hourly rate (USD)	Average hourly rate requested by remote platform workers (USD
Albania	371	398	2.5	14.7
Bosnia and Herzegovina (BiH)	539	578	3.6	13.8
Kosovo	396	425	2.7	14.9
Montenegro	501	538	3.4	15.0
North Macedonia	362	388	2.4	12.9
Serbia	522	560	3.5	14.6

Source: Numbeo, April 2022 and the data automatically collected from platforms for this specific study.
Note: the estimation of the hourly rate assumed 40 working hours per week, 4 weeks per month.

Furthermore, men tend to demand higher hourly rates than women in all the Western Balkan countries – this is confirmed both by Gigmetar, as well as the data collected for this study (see figure below). While the gender gap is noticeable in all countries, in some of them, for example Montenegro and Kosovo, this gap is especially large.

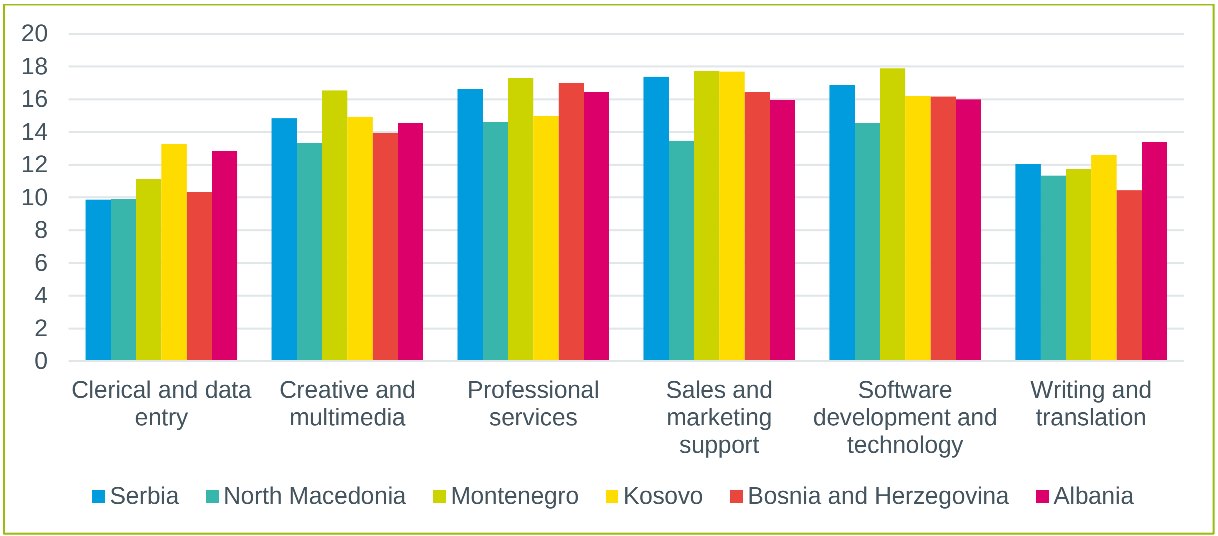
Figure 23. Average hourly rate by country and gender, in USD (November 2021)



Source: compiled by the PPMI using data automatically collected for this specific study.

At least in part, this difference is related to the occupational differences of the genders: for example, the writing and translation work, which is more popular among women, is among the worst paid occupations in all the Western Balkan countries (see figure below). In this regard, Western Balkan remote platform workers do not differ from their EU-based counterparts: writing and translation, as well as clerical and data entry work are both more 'female' and lower paid occupations.

Figure 24. Average hourly rate in USD by country and occupation (November 2021)



Source: compiled by authors using data automatically collected for this specific study.

Skills requirements in remote platform work vary. For example, clerical and data entry tasks might require basic digital skills, but software development projects might require knowing a specific programming language. Research undertaken in the EU context shows platform workers (online freelancers) typically rely on a variety of skills, combining different types of knowledge and general expertise. Among the skills mostly developed during their work on platforms are core technical skills, communication skills and organisation skills[89].

As in many other countries, Western Balkan country level data shows that remote platform workers seem more likely to be younger than on-location workers, often have tertiary education and have knowledge of foreign languages. National experts found evidence for high youth engagement in remote platform work in Albania, Kosovo and Serbia. Also, remote platform workers are usually equipped with digital and soft skills that ensure they can navigate the platform to find work and engage with clients, as is also the case for online freelancers in the EU[90]. Some remote platform workers, especially students, kick off their career on platforms without any prior working experience in the traditional economy[91].

Upskilling is the individual responsibility of remote platform workers. Platforms do not provide skills development opportunities and only tend to advertise courses in occupations that are high in demand. To gain new skills, remote workers usually enrol in these courses on their own initiative and have to cover the costs themselves. Nevertheless, in-work skills development is crucial for all remote workers from the Western Balkans if they want to remain competitive on the global platforms. Platform workers can also improve their soft skills and become fast learners on the job, due to constantly engaging in different projects and working for various clients. The acquisition of new skills means more projects, new clients and higher rates for tasks completed via platforms.

Career prospects on platforms providing remote services are uncertain. Firstly, this is because skills development and career advancement are the individual responsibilities of the worker. The second reason is the lack of clarity as to whether the skills and experience gained on platforms can be recognised in the traditional market – an issue challenging platform workers for various reasons, including the challenge of rapidly changing learning and skills portability between different platforms[92]. Country level research highlighted the issue of skills recognition in Montenegro Serbia and Kosovo, noting that non-formal and informal learning experience should be officially recognised, especially for

[89] Cedefop (2021) CrowdLearn: online platform work and skills. Available here.
[90] Cedefop (2021) CrowdLearn: online platform work and skills. Available here.
[91] Andjelkovic, B., Sapic, J. and Skocajic, M. (2019). Digging into Digital Work in Serbia: Who are Crowdworkers from Serbia and Why They Work on Global Digital Platforms. Belgrade: Public Policy Research Centre.
[92] Cedefop (2020). Developing and matching skills in the online platform economy. Available here.

those who enter the labour market through platform work. Some workers reported that they managed to build strong connections with clients from abroad through the platform, which then translated into long-term contracts and projects with the company directly. In the case of Kosovo, these clients are often located in the United States, Western Europe or Australia. Thus, platforms can open up career opportunities in the global labour market.

Finally, as in other countries in the region, most of the remote platform workers from the Western Balkans are based in cities, mostly in capitals – despite the fact that this type of work can be done from various places. This, once again, points to digital divides as a challenge to overcome to better realise the opportunities that the remote platform work can offer.

On-location platform work

The growth of on-location platform work in the Western Balkans accelerated during the COVID-19 pandemic. National research revealed that the most popular services delivered through platforms have been food-delivery, ride-hailing and various domestic (e.g. repair, cleaning) and care services. So far, however, there has been little research conducted into this type of work in the region, and little is known about the worker profiles and business models of the local on-location platforms. Only Serbia serves as an exception, where this type of work has been explored more in depth[93]. This part of the report presents the available evidence from a national research and desk review on the prevalence and type of on-location platform work in the region.

The prevalence of on-location platform work in the Western Balkans

Unlike remote platform work on global marketplaces, local (i.e. originating from the Western Balkan countries) on-location platforms tend to dominate markets in the Western Balkans. International taxi or food-delivery platforms have not gained a strong foothold in the region yet, especially compared to the EU and Eastern Partnership markets, even though there have been some attempts. For instance, well-known taxi or food-delivery platforms such as Glovo, Wolt, Yandex and Bolt had entered the Serbian market. However, Bolt soon left the country and is no longer present in the region. Glovo, a Spanish food-delivery platform, is the only international on location platform that, as of April 2022, operates in more than one economy in the Western Balkans: Serbia, BiH and Montenegro.

Desk research and national fieldwork allowed 33 on-location platforms active in the different Western Balkan economies to be identified (see Table below), with several active on-location service platforms in each. Platforms usually differ in the type of services they provide, and each tends to operate only in a single country. Four main service types in which on-location platforms in the region specialise can be distinguished:

- **Delivery services** – with couriers providing food delivery as well as grocery, medicine, or post-delivery services. In all Western Balkan economies, food-delivery platforms are the most numerous.
- **Ride-hailing** – drivers providing taxi services.
- **Domestic services** – non-qualified or qualified workers providing a wide range of home or other ancillary services (e.g. plumbing, cleaning, personal training, photography, event planning, tutoring).
- **Care services** – professionals providing care services, which can include babysitting as well as nursing for elderly people.

[93] Andjelkovic, B., Jakobi, T., Kovac, M. and Golusin, S. (2020). A Hell of a Ride: The Prospects of Decent Work on Digital Delivery and Ride-hailing Platforms in Serbia. Belgrade: Public Policy Research Center. Available here; Andjelkovic, B., Sapic, J. and Skocajic, M. (2019). Digging into Digital Work in Serbia: Who are Crowdworkers from Serbia and Why They Work on Global Digital Platforms. Belgrade: Public Policy Research Centre.

Table 4. On-location platforms in the Western Balkans

	Delivery	Ride-hailing	Domestic or ancillary services	Care services
Albania	Baboon	UP's Taxi, Taxi.al, Speed Taxi, Ups Taxi	Gati.al	/
Bosnia and Herzegovina (BiH)	Glovo, Korpa	Moj Taxi	OLX.ba	Savršeni krug
Kosovo	Kupohajna, Taprrap, Apodel	BlueTaxi, ShoferiIM	Filikaqa	Kujdestarja*
Montenegro	Glovo	Yes Taxi, Smart taxi	/	/
North Macedonia	Kliknijadi.mk, paket.mk, foodguru.mk, asaply.mk	Global Taxi, Taksi MK, Vikni Taxi	/	fitkit.mk
Serbia	Glovo, Wolt, Mister D	CarGo, Yandex	Uradi-zaradi	/

Source: compiled by the authors through desk research in April 2022.
*Note: Kujdestarja connects clients with carers for elderly people and children, and also with people providing cleaning services.

Some on-location platforms in the Western Balkans were founded as early as 2014-2015 (e.g. Donesi, aSerbian food-delivery website, was established in 2006, and in 2014 started operating as a delivery app; and Kliknijadi, a food-delivery platform in North Macedonia was founded in 2015). However, these services developed most notably in 2020-2021, during the COVID 19 pandemic. The pandemic impacted the demand for such services, as well as the supply of workers, as some people lost their traditional jobs and began looking for other employment opportunities. However, the pandemic affected on-location platforms differently, depending on the services they offer.

Significant growth of platform work was especially noticeable in the delivery sector. The COVID-19 pandemic increased the demand for food-delivery services as lockdowns restricted movement in cities. As was the case in the EU, during lockdowns, governments in the region recognised food-delivery platforms as providing essential services. Consequently, the number of orders, partners (not only restaurants but also supermarkets, pharmacies and beauty shops) and couriers, as well as city coverage, increased. For example, Glovo expanded its services from three Serbian cities in 2019 to 26 in 2021.

Ride-hailing and domestic services witnessed moderate growth as movement during lockdowns decreased and people avoided any unnecessary contacts. According to Glovo's regional manager, many ride-hailing workers switched to on-demand delivery platforms[94]. In Albania, the demand for care and nursing services offered on platforms also increased during the pandemic.

All types of platforms, although they have been expanding within the countries, are mostly present in the larger cities of the Western Balkans, where a sufficient demand for the services exists.

There are no accurate estimates of the number of people engaged in on-location platform work in the region. The lack of data is explained by the fact that the official statistics do not capture this type of work, and on-location platforms are reluctant to disclose the actual number of workers. During the interviews, only a few platforms were willing to provide such estimates. For example, in Kosovo, the number of workers can range from 100 on a taxi services platform to 2 300 platform workers

[94] Interview with Glovo's regional manager, 21.2.2022.

registered as providing domestic services. In 2020, 3 000 couriers were working through the top three food-delivery platforms in the Serbian capital[95].

Platform expansion has been somewhat constrained by the low supply of a workforce for low-skilled on location services, which has been noted by several food-delivery platforms in the region[96]. The Glovo platform representative for Serbia, BiH and Montenegro highlighted the fact that this could relate to the overall lack of a low-skilled workforce in the labour markets, as workers tended to migrate abroad for better employment opportunities[97]. In Montenegro, the supply of workers fluctuated during the pandemic as many people who were forced out of jobs turned to platform work to substitute their income.

People from the Western Balkans tend to find work on platforms through social media. National interviews revealed that platform workers often learned about opportunities on platforms through digital marketing campaigns and then applied through official networks. For example, Glovo launched an active recruitment campaign on social media to attract new workers when it first entered the region. As platforms expand geographically or in their scope of operations, they are likely to launch more active promotional and recruitment campaigns to attract new workers.

Furthermore, the research conducted indicates that the supply of platform workers is likely to grow in the region. Firstly, for many, the key motivation to engage in platform work is the lack of other job possibilities in the labour market. Secondly, national findings revealed that more people working through platforms appreciate the advantages offered by this type of work. Most value flexibility, high pay and low entry barriers associated with on-location platform work[98].

On-location platform workers from the region tend to use social media groups (on Facebook, Viber and WhatsApp) to exchange tips, benefits and disadvantages concerning platform work (this trend has also been noticed in remote platform work). The advantages of on location platform work are not usually present in traditional employment, and therefore more people are turning to platforms for employment.

Overall, the scale of on-location platforms seems to have the potential to expand. Competition seems low among platforms providing home/domestic services and care services, where usually one platform dominates per country. For instance, in Albania, interviews revealed that food delivery and ride hailing platforms also consider themselves to be the only providers of platform services in the country[99]. The dominance of platforms with a local origin also makes the Western Balkans a strategic region for international platforms. More international platforms might follow the example of Foodpanda, which entered the market by acquiring a well-established local food-delivery platform, Donesi, in 2015, which was founded in Serbia and later started operating in BiH and Montenegro[100]. As platforms originating from the region expand, international platforms might become tempted to acquire their well-established networks and partnerships and enter the region.

Nevertheless, the regulatory environment poses significant challenges for the expansion of on-location labour platforms and are the potential root cause for their underdevelopment. The unfavourable national regulations are an obstacle, especially for international platforms, and explain why, compared to the EU or the Eastern Partnership region, international on-location platforms have limited presence in the Western Balkans.

Interviews with the Bolt and Glovo representatives revealed that the regulatory frameworks in the Western Balkans are outdated and unclear. For instance, Bolt entered the Serbian market in 2018 and ended its operations in 2020. The reasons for their withdrawal, according to the platform

95 Andjelkovic, B., Jakobi, T., Kovac, M. and Golusin, S. (2020). A Hell of a Ride: The Prospects of Decent Work on Digital Delivery and Ride-hailing Platforms in Serbia. Belgrade: Public Policy Research Center. Available here.
96 Interview with Glovo’s regional manager, 21.2.2022.
97 Interview with Glovo’s regional manager, 21.2.2022.
98 Andjelkovic, B., Jakobi, T., Kovac, M. and Golusin, S. (2021). Fairwork Serbia Ratings 2021: Labour Standards in the Platform Economy. Oxford: Fairwork Foundation.
99 Those platforms are Baboon, Speed taxi and Gati.al in Albania.
100 Donesi was then bought from Foodpanda by Delivery Hero and then acquired by Glovo, which now owns the food delivery platform.

representative, related to the unclear regulatory framework and the challenges posed by the COVID 19 pandemic[101]. The international platform associates high risks with the conservative taxi regulatory environment in the region. The strictly regulated domestic taxi market does not suit the platform's business model, which cannot function using strict tariffs (with no possibility of making discounts) and the requirements for taxi licences.

Glovo highlighted that the main challenges in the Western Balkans are the fragmented and outdated regulatory frameworks, as well as the political instability of some of the countries. For example, in BiH, Glovo had to develop a new payment system in order to be able to issue payments to its partners, which entailed high financial costs. Glovo's representative stressed that the outdated invoicing system and political hurdles to address the issue had hindered their development in BiH. In addition, the outdated regulatory system in the field of taxation, employment and administrative bureaucracy and the laws governing food and medicine transport posed challenges in the entire region.

Worker profiles in on-location platform worker

There is limited data on the profiles of platform workers engaged in on-location service provision in the Western Balkans. According to the rather fragmented regional and national findings, most workers come from capital or larger cities and are more likely to be male, mostly aged 25-40, with secondary or higher education. In most countries it is reported that natives (as opposed to immigrants) are more likely to work on platforms, while immigrants are found on delivery platforms as well (e.g. in Serbia). Migrants tend to engage in platform work due to difficulties with integrating into the traditional labour market. One of the interviewed platforms mentioned that hiring immigrants in the region has received negative media attention, as well as negative comments from trade unions.

Due to limited employment opportunities in the traditional market of the region, other groups engaged in low-skilled on-location platform work are likely to be workers combining different jobs, often underemployed people, or students. National and regional findings suggest that students represent a significant share of on-location platform workers, as low-entry barriers allow them to easily earn additional income during their studies.

There is not enough evidence to conclude whether on-location platform work serves as a secondary job or as a main supply of income, but most interviewed workers see it as a temporary job. For students, the flexibility on on-location platforms allows them to balance platform work with their studies and many engage in it part-time. For people who started work on platforms after losing their job during the COVID 19 pandemic, it could become a full-time employment. For example, in Kosovo, platforms providing domestic services or care services help to establish a steady customer base which allows for full-time employment. However, workers providing such services might leave the platform after establishing this steady clientele as they no longer require platform intermediation. This possibility is not relevant to workers in the area of delivery and ride-hailing, due to the different nature of work, so they are still more likely to see it as a transitory job.

The gender distribution of workers differs depending on the type of services the platform provides. However, there is a very visible gender gap in participation. The majority of platform workers providing delivery services are male. Men tend to dominate in delivery work, although to differing extents. For example, 95% of the workers on the Kliknijadi platform in North Macedonia are male, while on the Kosovar platform Apodel men represent 65% of the couriers. On ride-hailing platforms, drivers are overwhelmingly male, over 90% in every economy of the region, which was also a trend noticed in the Eastern Partnership region[102]. Both genders are represented on platforms providing domestic services, , although there are slightly more men than women engaged in this work. Women dominate only in on location platforms providing care services in the region.

On-location platform work is said to provide decent pay in the regional context. Earnings depend on the platform and under what type of contract you work, as some workers are paid hourly and others

[101] Interview with Bolt representative, 25.1.2022.
[102] ETF (2021b). The future of work: new forms of employment in the Eastern Partnership countries: platform work. Available here.

per delivery/gig. Hourly pay is common among couriers or drivers who are employed, but most on location workers receive payments per delivery/gig.

National research revealed that platform workers can earn more working through on-location platforms than in the traditional labour market – which reveals a situation that is quite different from that in the EU. For example, in North Macedonia, a courier can earn around EUR 2 per hour after income tax which allows the person to earn around EUR 320 per month working 40 hours per week, which is higher than the minimum wage of the country, which is EUR 250. In Kosovo, on-location platform workers can earn twice as much as the local jobs with similar skills could offer. In Sarajevo, BiH, one courier reported earning around EUR 100 in an intensive working day of 8 hours. Therefore, in terms of financial opportunities, on-location platform work is seen as an improvement in the region (see Table 3 for comparison with the average income).

The skills required in order to be eligible for on-location platform work in the Western Balkans depend on the type of services to be provided. Engaging in food delivery and ride-hailing services requires only basic skills (communication, driving). However, on platforms providing various domestic services the skills vary from low (e.g. cleaning) to high (e.g. engineering, tutoring skills, photography), even though platforms providing domestic services do not require any certifications in order to subscribe and provide access to clients demanding highly skilled domestic services.

Low-skilled on-location platform work is more widespread compared to high-skilled on-location work (present on platforms for domestic services) in the Western Balkans. Since food-delivery and ride hailing platforms dominate in the region, most platform workers on these platforms need low skills to become couriers or drivers. National research revealed that one of the reasons for the popularity of work through on-location platforms are the low skills requirements. To work on ride hailing platforms, one simply needs a driver's licence, and, to work as a courier on a delivery platform, a driver's licence or a bike[103]. Soft skills, such as basic communication skills, as well as knowledge of the geographical area they are working in, were also mentioned as requirements by some platform workers in the region. Unlike remote platform work, advanced digital skills are not necessary to start working through on-location platforms which often even provide training on basic digital skills, e.g. how to use and navigate the app and get clients.

Nevertheless, the skills of platform workers tend to be underutilised as these workers are often overqualified. Since unemployment is high in the region and on-location platform work offers earnings higher than in traditional employment, even people with tertiary education choose to be underemployed and work as platform workers providing low-skilled, on-location services. For example, on the Glovo platform, operating in three Western Balkan economies, 50% of workers from the region have secondary education, 25% have a bachelor's degree, 22% have finished vocational education and 5% have a master's degree[104].

At the same time, skills development opportunities are scarce on on-location platforms. Platforms might offer tips on how to succeed on the platform, but there is no information to suggest upskilling opportunities for platform workers. Compared to remote work, the skills development dimension in on location platform work is poorer, since the services provided are usually monotonous, while in remote platform work skills might diversify with different projects and clients, and there is a much stronger on the-job component. As such, on-location platform work is not seen as a viable career opportunity, but more as a temporary job.

Platform business models

The business models of on-location service platforms vary in the Western Balkans. They generate income in various ways, from the commission fee which they charge workers or restaurants (e.g. Glovo) to advertising (e.g. Gati.al in Albania).

[103] Andjelkovic, B., Jakobi, T., Kovac, M. and Golusin, S. (2020). A Hell of a Ride: The Prospects of Decent Work on Digital Delivery and Ride-hailing Platforms in Serbia. Belgrade: Public Policy Research Center. Available here.
[104] Interview with Glovo's regional manager, 21.2.2022.

Interestingly, at least some of the on-location platforms originating from the Western Balkans rely less on algorithmic management compared to their EU-based counterparts (where this has become a policy-relevant issue). For instance, in Albania, the work is conducted using mobile apps, but a human representative is involved in the process of assigning orders, recruitment and training. Ride-hailing platforms in North Macedonia also have more traditional taxi services infrastructure with call centres and operators, even though mobile apps are used for ordering services.

Finally, most on-location platforms tend to operate and consider themselves as intermediaries, rather than employers. This is similar to the situation in the EU, which the European Commission attempted to address with a recent proposal for a directive on improving working conditions in platform work which sets out new requirements for digital platforms[105]. However, some platforms in the Western Balkans do employ their workers on traditional contracts and even offer certain benefits[106] (more details in the following section).

Labour market status of platform workers

Generally, policy responses to the new forms of work – and platform work specifically – have been slow in the Western Balkans, although a few relevant developments have taken place recently. Governments have designed policies to attract 'digital nomads' and remote workers to the country (adopted in Albania[107] and Serbia[108], and under development in Montenegro as of April 2022), for instance. Furthermore, several attempts to tax freelancers (including those working though platforms) have recently taken place. For example, in Montenegro, the government attempted to impose additional taxes on freelancers, but following their protests, this measure was not adopted. Similarly, in Serbia, attempts to impose a retrospective tax on freelance services led to protests, and the respective law was not adopted. Also, in 2021, the Serbian government created a working group that is currently developing a suitable solution for regulating online platform work (there was no public information about the results as of April 2022).

Meanwhile, initiatives focused on creating favourable conditions for the new forms of work, the regulation of working conditions or clarification of platform workers' status – the core issues in the recent EU level discussion on platform work– have been virtually absent in the region. Another difference from the EU seems to be that besides the misclassification of labour market status and the working conditions of platform workers, the core issue is the undeclared work[109].

Due to the lack of statistical data, it is difficult to identify the most common status among people working through on-location service platforms in the Western Balkans. There seems to be no uniform approach across and even within the economies. For example, in some cases, on-location platforms can choose which contract to offer: some employ full-time or part-time workers, formalising their relationship under the Labour Code (either themselves or through temporary employment agencies), while others employ workers through third parties, or prefer to keep platform workers on service contracts.

National fieldwork revealed that platform workers can be both self-employed and employed in most countries, except for Montenegro and North Macedonia. Here, on-location platform workers mostly work through service contracts. Some evidence has also been found that workers can be registered as unemployed and still perform platform work activities.

The contractual arrangements of on-location platform work can involve various parties. For example, service contracts can be drafted between the workers and the platforms, or the workers and their

[105] For more details, please see here.
[106] e.g., Glovo and Wolt offered accident insurance to its workers. Andjelkovic, B., Jakobi, T., Kovac, M. and Golusin, S. (2021). Fairwork Serbia Ratings 2021: Labour Standards in the Platform Economy. Oxford: Fairwork Foundation.
[107] For more details, please see here.
[108] For more details, please see here.
[109] In the context of the EU, this primarily refers to situations in which people working through platforms are formally self employed, while their factual contractual and working conditions resemble dependent employment.

clients[110] (common on domestic services platforms). Meanwhile employment contracts can be concluded between the worker and the platform (i.e. ride-hailing and delivery platforms)[111], or the worker and the intermediary agency providing a workforce to the platform (to work on ride-hailing platforms). Therefore, as mentioned above, some on-location platforms can only act as an intermediary without any contractual obligations towards the worker. If platform workers are employed by the platform or an intermediary company, they enjoy social protection and entitlements associated with an employment relationship, and the employer pays their social contributions. Self-employed persons need to pay any taxes or social contributions themselves.

Meanwhile, the legal status of **remote platform workers** in the Western Balkans differs somewhat by country. For example:

- In Albania, the work of freelancers is regulated by the law on social and health insurance and on income tax. If freelancing is the main source of income, a worker is considered to be self-employed. To promote small business, the government introduced a relaxed taxation regime for such workers, which also benefits people working through platforms remotely.
- In Kosovo, self-employment is only regulated by legislation on personal income tax.
- In Serbia, the legal system does not include the status of self-employment for freelance activities – which seems to be an almost default option for this type of economic activity in the EU. Instead, the freelancers have to register as entrepreneurs.
- In BiH and Montenegro, self-employment falls under the Labour Law.
- In Montenegro, remote platform workers are not fully recognised as self-employed: while the Law on Personal Income Tax applies to them in principle, in practice they do not have a formal self employment status and are rather registered as unemployed.
- In North Macedonia, most remote platform workers use service or authorship contracts. However, some remote platform workers are employed through payroll agencies.

The Western Balkan governments are attempting to engage with these groups of workers through various means. In some economies, there are regulations regarding the taxation of workers who work with foreign firms. For instance, in BiH, freelancers who provide services to foreign firms must now report their income; however, due to the lack of the regulatory framework the general status of a freelancer remains vague. In North Macedonia, a new contractual form has recently become popular among remote platform workers who work for foreign clients, which are called employment of record. It allows workers to sign a contract with an intermediary firm (employer of record) in order to be able to receive foreign payments, pay social contributions and be entitled for health insurance and pension.

Table 5. The labour market status of Western Balkan platform workers

	Albania	Bosnia and Herzegovina (BiH)	Kosovo	Montenegro	North Macedonia	Serbia
Standard employment contract	On-location workers	On-location workers	On-location workers	Not common	Used rarely by some remote platform workers (through payroll agencies)	Not common

[110] For example, on the Albanian Gati.al platform, workers sign contracts with the clients, and the platform helps in this exchange by providing the service contract templates to be signed. The workers are still responsible under such contracts to declare their income.

[111] For example, on Albanian Baboon and Speed taxi platforms, couriers and drivers are employed and their relationships with platforms are regulated by the Labour Code. They can sign full-time and part-time contracts; limited and unlimited duration contracts; employment agency contracts; individual and collective employment contracts; home-based employment contracts; commercial agent contracts and apprenticeship/internship contracts.

	Albania	Bosnia and Herzegovina (BiH)	Kosovo	Montenegro	North Macedonia	Serbia
Service contracts	Remote and on-location workers	Remote workers that perform specific services	Remote and on-location workers	Remote and on-location workers	Remote and on-location workers	Used rarely by some remote and on-location workers
Self-employment	Remote and on-location workers	Remote workers	Remote workers and some on-location workers	No	No	No

Overall, the lack of monitoring and enforcement – and in some cases suitable regulation – in the areas of new forms of employment (including platform work), leaves plenty of room for informality and abuse. This manifest through widespread undeclared work and income in all types of platform work, and can take various forms, for example:

- In Serbia, on-location workers sign employment contracts with intermediary agencies. Often these contracts are signed for a minimum number of working days and exceed the hours agreed in the contract, for which they are then paid in cash. This additional income remains undeclared.
- Also, neither the platforms, nor the authorities tend to check the validity of contracts that the intermediary companies have with on-location platform workers. As such, platform workers continue to work and receive their salary even after the contract has been terminated, but they are no longer registered with the authorities and cannot enjoy any social or healthcare benefits. Few platforms choose to ensure that contracts with intermediary agencies also include mandatory social, health and pension benefits in order to comply with local regulations[112].
- Several platform workers might work under a single account and registration with tax authorities. In such situations, a single person registers an account on the platform and with tax authorities, while multiple people carry out the work and are then paid by the account owner in cash.
- People working under service contracts usually tend to underreport their income.

Due to the fact that platform work remains largely unregulated (or regulation is not sufficiently enforced), the status of workers is unclear, the systems for tax obligations and social protection are fragmented, and working conditions are precarious. Although for highly skilled freelancers this could be compensated by notably higher remuneration, on-location platform workers might end up in a more precarious position. For example, worker accident insurance, which is relevant for on-location platform work, is rarely provided for workers, with only few exceptions, such as Glovo. Furthermore, according to a Fairwork report in Serbia, platforms or intermediary agencies can deregister workers by ceasing the contract retrospectively. It means that they 'use the opportunity to deregister the worker one day before the reported accident, which makes the worker lose their right to insurance coverage, alongside their work'[113]. Furthermore, misclassified or informal workers also do not have access to the various employment services and collective representation, which are sometimes key for improving working conditions.

[112] Andjelkovic, B., Jakobi, T., Kovac, M. and Golusin, S. (2021). Fairwork Serbia Ratings 2021: Labour Standards in the Platform Economy. Oxford: Fairwork Foundation.
[113] Andjelkovic, B., Jakobi, T., Kovac, M. and Golusin, S. (2021). Fairwork Serbia Ratings 2021: Labour Standards in the Platform Economy. Oxford: Fairwork Foundation.

CHALLENGES, OPPORTUNITIES AND POLICY POINTERS

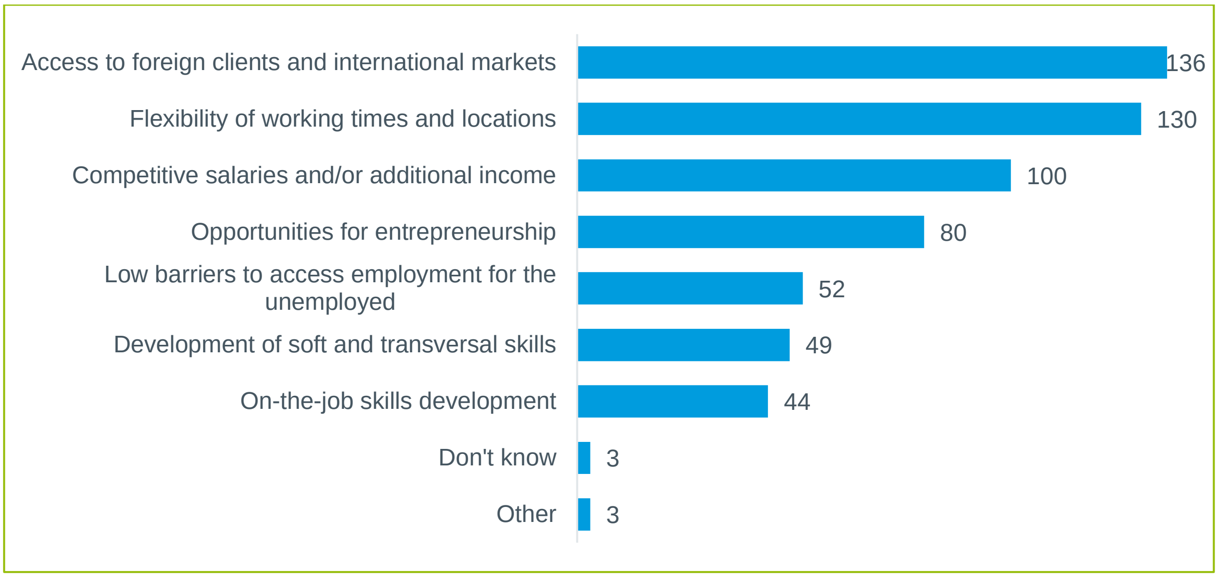
The growth of the new forms of employment, including platform work, in the Western Balkans can be seen through analysing the strengths, weaknesses, opportunities and threats (SWOT). In the following sections, first, we use the general knowledge on the new forms of employment and platform work, as well as evidence from individual countries, to present the SWOT situational assessment. Second, we build on these insights to outline the broad policy pointers for the policymakers to mitigate the weaknesses, overcome the threats, and realise the strengths and opportunities of the labour market flexibilisation in the region. Three key areas of intervention can be distinguished: education and skills development; digitalisation; and labour market regulation and policies.

The SWOT analysis

In the Western Balkans, as in many countries, the new forms of employment broadly, and platform work specifically, are associated with a number of **strengths** and **opportunities** – both for individual workers and the economies in the region. These are inherent to the types of jobs that freelance and labour platforms offer and have been emphasised in various sources from the US and Europe, including the Eastern Partnership countries.

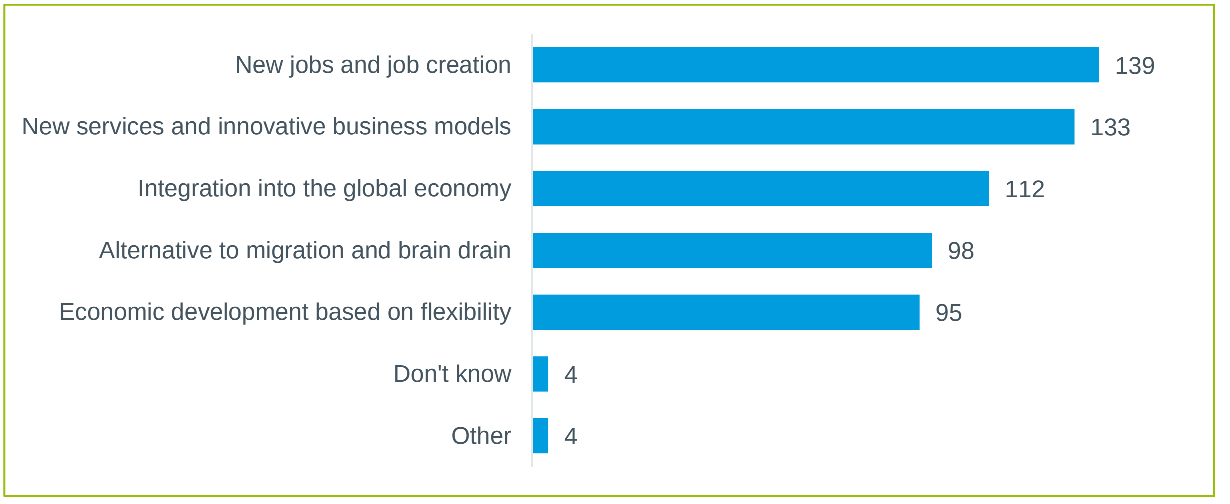
The strengths include, first of all, the creation of new jobs. Some of them have low entry barriers – as illustrated by ride-hailing and delivery services organised through digital labour platforms – and create opportunities even for the long-term unemployed. Others are exceptionally highly paid, especially the high-complexity tasks for workers from the Western Balkans who provide services to clients from Western Europe or North America. The stakeholders surveyed acknowledged this as the most important opportunity of the new forms of employment for the Western Balkan workers, as well as for the economies of the Western Balkans (see figures below). It is expected, moreover, that it might contribute to the solution of at least two major problems plaguing the Western Balkan labour markets: persistent unemployment and high rates of outward migration and brain drain.

Figure 25. What are the most important opportunities relating to labour market flexibility, new forms of employment and platform work for the workers of the Western Balkan region?



Source: stakeholder survey. N=220. A respondent could select up to three answers.

Figure 26. What are the most important opportunities relating to labour market flexibility, new forms of employment and platform work for the economies and labour markets of the Western Balkan region?



Source: stakeholder survey. N=220. A respondent could select up to three answers.

Another key feature of these new forms of employment is the level of flexibility, unmatched by the traditional work arrangements. This does not only correspond to the needs and requirements of the workers of younger generations. Flexible jobs are opportunities for those who cannot take on regular full-time jobs due to various personal responsibilities and commitments.

Overall, the new digitalised forms of work tend to provide more attractive employment opportunities in the developing countries compared to traditional jobs. Many see platform work (especially remote platform work) as an improvement, since the traditional market is beset by informality, low wages and poor enforcement of worker protection, along with other regulations[114].

Finally, the new forms of work – even in cases when it is the less preferred option compared to regular employment – provide plenty of on-the-job learning opportunities that could help facilitate workers' future careers. For example, work experience in the global labour markets, especially in remote platform work, acquaint the Western Balkan workers with the most recent global trends in rapidly evolving sectors such as software development, technology or design. These skills can be especially valuable in the local labour markets. Freelancing is also seen as a great way of building soft skills, such as time management, self-presentation and client relations.

Obviously, many of the strengths of the new forms of employment, as compared to traditional jobs, are accompanied by weaknesses. First, given the lack of regulation in this area, the new forms of work and platform work allow – or sometimes even motivate – undeclared work and tax evasion. Given that these forms of work are often highly digitalised, the online payments and open markets can provide more transparency and credibility for workers than typical cash payments in the informal economy[115]. However, further policy action is needed to realise this opportunity.

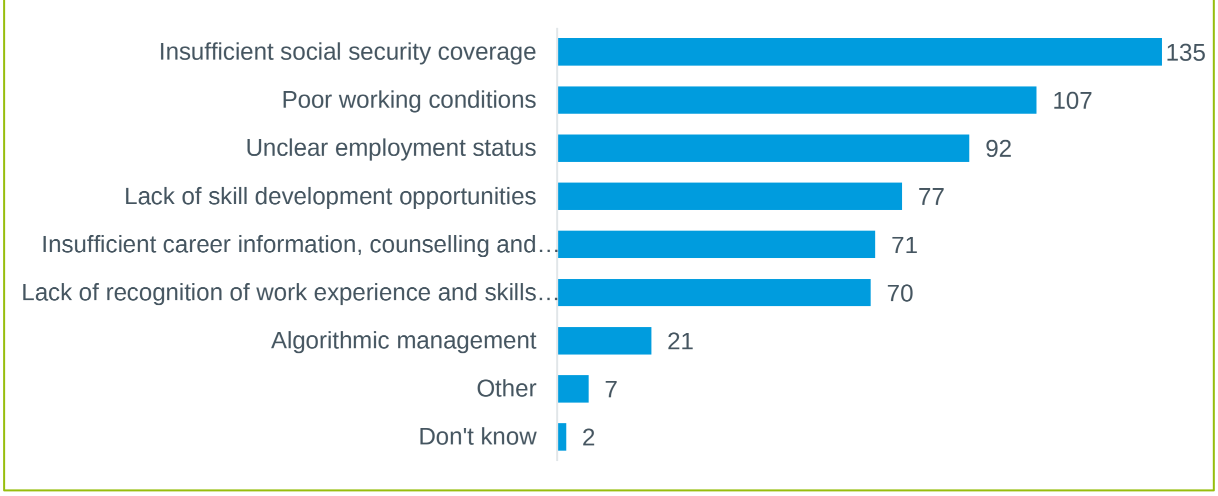
Second, as seen in Europe and the US, many new forms of work and platform work provide notably poorer worker social protection and labour rights than regular employment. In many respects, this issue is also relevant for the Western Balkan labour markets. Indeed, the stakeholders surveyed identified insufficient social security coverage and poor working conditions as the main risks relating to platform work and the new forms of employment (see figure below). Without clear regulation and recognition of platform work through on-location platforms, the Western Balkans are witnessing a

[114] ETF (2021a). Changing skills for a changing world: understanding skills demand in EU neighbouring countries: a collection of articles. Available here, p. 13.
[115] ETF (2021a). Changing skills for a changing world: understanding skills demand in EU neighbouring countries: a collection of articles. Available here, p. 13.

precarious and informal labour situation. Many workers engage in work on platforms in disguised (bogus) self-employment with poorer working conditions[116].

Third, new forms of employment and platform work are tending to replicate or even reinforce the inclusiveness gaps present in the traditional labour markets. Many studies conducted in the EU, the ETF research in Eastern Europe and now in the Western Balkans, show the concerns relating to the participation of women, people living in rural areas and people with disabilities. Public interventions might be necessary to turn the new forms of employment into more inclusive job opportunities.

Figure 27. What are the most important risks relating to labour market flexibility, new forms of employment and platform work for the workers of the Western Balkan region?



Source: stakeholder survey. N=228. A respondent could select up to three answers.

In addition to this, the Western Balkan economies have characteristics that threaten the development of the new forms of employment and platform work altogether. To begin with, the lack of digital competencies among the (older?) populations of the region can impede the expansion of the new forms of work among groups for which such work opportunities can be very relevant. This can also explain why young people in the Western Balkans, usually characterised by a higher affinity for digital skills and use of the internet than older generations, seems to dominate new forms of work such as freelancing.

The lack of other skills – those in demand in the labour markets – is another obstacle. Besides the digital, technical and occupational skills, the region's young people often lack the necessary transversal skills, such as the knowledge of how to present themselves as remote employees, time management, adherence to deadlines and business writing[117]. Outdated education programmes in the region's education systems are the key driver behind this situation. The result, in turn, is a situation in which the further development of the new forms of digitalised work – as well as the high value sectors, such as ICT – is being impeded by the lack of a qualified workforce.

Insufficient digital skills – both at the user and specialist level – is a factor highly intertwined with another major obstacle for the development of new digitalised forms of work: the insufficient digital infrastructure and digital services. Although broadband penetration has advanced across the region, it still lags behind the EU countries. The lack of internet infrastructure is also among the key barriers for people in less urbanised areas to explore the new forms of work. Meanwhile, the lack of certain digital services – such as cross-border payments – are complicating the work of freelancers, as shown in several Western Balkan countries dealing with the lack of money transfer options for receiving their remuneration from foreign clients.

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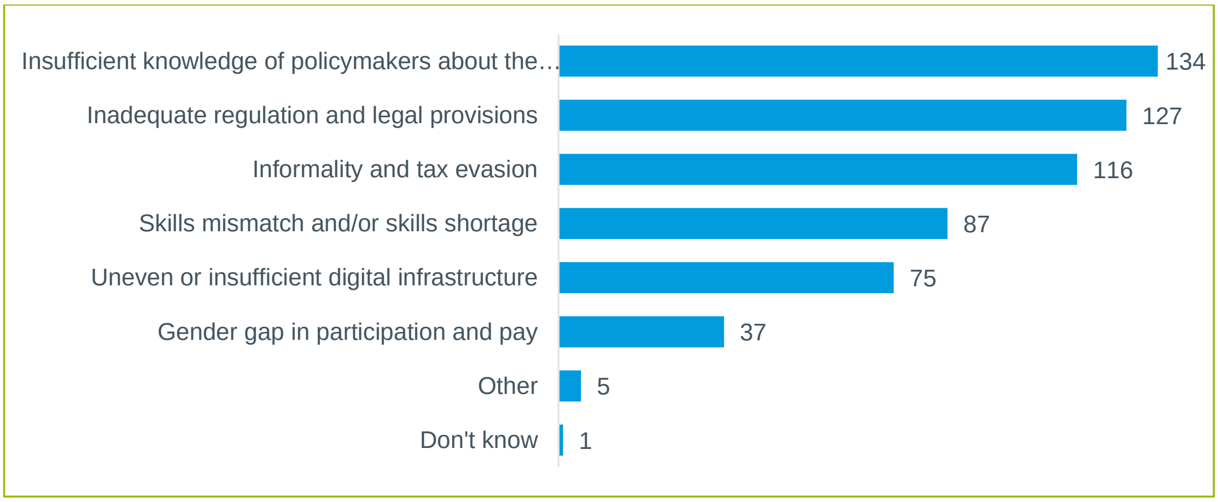
[116] ILO (2021). Digital Work in Eastern Europe: Overview of Trends, Outcomes and Policy Responses. Working paper 32. Available here.
[117] Waldvogel, N. (2019) Freelancing – Leading to a More Adaptive Workforce in the Western Balkans. Available here.

Nevertheless, the key and most general obstacle for the development of new forms of work as opportunities in the Western Balkans is their lack of acknowledgement in labour regulation and employment policies. Although the extent of related policy discussions varies from country to country – from none at all to some – in none of the Western Balkan countries it is high on the policy agenda. The lack of statistical data and insufficient knowledge of policymakers may be among the root causes of this and remain an important issue, as the stakeholder survey data shows (see figure below). As a result, addressing the other threats and weaknesses relating to the new forms of work is also seen as a priority.

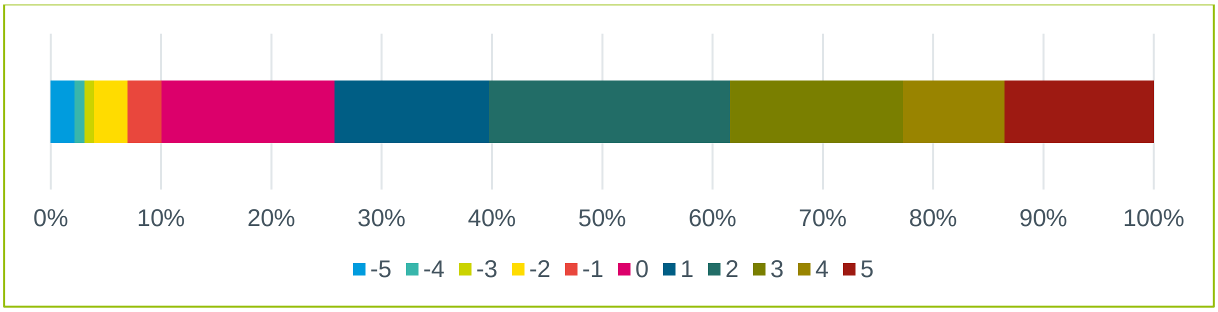
Figure 28. What are the most important risks relating to labour market flexibility, new forms of employment and platform work for the economies and labour markets of the Western Balkan region?



Source: Stakeholder survey. N=227. A respondent could select up to three answers.

Nevertheless, acknowledging both the strengths and weaknesses of the new forms of work, the stakeholders surveyed, who were asked to use a scale to assess the balance between the risks and opportunities (from only risks (-5) to only opportunities (5)), saw overwhelmingly more opportunities than risks relating to platform work and the new forms of employment (see figure below).

Figure 29. In your opinion, overall, do the labour market trends – relating to flexibility, digitalisation and new forms of employment – bring more opportunities or more risks to the Western Balkans?



Source: stakeholder survey. N=228. Rating from -5 (high risks) to 5 (strong opportunities).

It is important to note that most of the stakeholders surveyed also showed in their responses that to realise those opportunities, certain actions need to be taken at policy level. The summary of the strengths and weaknesses of the new forms of work, as well as the opportunities that they can bring and the threats to realising these opportunities, are illustrated in the figure below. Meanwhile, the following section discusses the policy options for addressing them.

Figure 30. New forms of work in the Western Balkans: SWOT analysis

Strengths	Weaknesses
New employment opportunities Low entry barriers Highly paid international jobs On-the-job learning opportunities Flexible work arrangements	Undeclared work and tax evasion Lack of worker social protection and labour rights Lack of inclusiveness/ replication of inequalities existing in traditional labour markets Lack or insufficient access to activation and skills development and certification opportunities
Opportunities	**Threats**
Reducing unemployment Proliferation of graduate level jobs Development of skills which are in demand in local labour markets Alternative to migration and brain drain	Gaps in digital infrastructure and digital services Insufficient digital skills Insufficient occupational skills Lack of acknowledgment of the new forms of employment in regulation and policy

Policy pointers

The analysis of this report shows several areas requiring attention from policymakers to make full use of the opportunities that the new forms of employment might offer. All of the policy dimensions identified are interlinked and offer the potential to enhance inclusiveness and narrow the inequalities in terms of gender, age, skills or location.

Digitalisation

A fair digital transition to realise the opportunities of digitalised forms of work. Further developments of **digital infrastructure and digital services, and enhancing access** to them, have the potential to mitigate the existing inequalities in the labour market and skills acquisition. The evidence collected for this study show that, for example, digital services in the financial sector, by enabling international payments for freelancers, can reduce the informality of such activities. This is also the case for the automated monitoring of transfers for tax purposes.

More broadly, increasing e-participation (primarily through finalising existing e-services) and making e services accessible to all ages, languages and people with disabilities[118], are important steps for fostering knowledge in societies which could increasingly benefit from the possibilities offered by digitalised work and global labour markets.

To further develop digital infrastructure and innovative services, an increasing need exists to look for synergies between the public policy efforts and the private sector initiatives. Providing support for the private sector in digitalisation and development of the ICT sector, as well as exploring the possibilities of public-private partnerships in these areas, have the potential to help overcome the different ecosystem challenges[119]. The private sector must be enabled and encouraged to play its part in

[118] These were the conclusions of the National Report and Plan for Improving the Digital Agenda in Montenegro, prepared by the NGO 35mm within the regional project 'Increasing civic engagement in the field of Digital Agenda' (ICEDA).
[119] Klimczuk et.al (Ed.) (2021). The Collaborative Economy in Action. Available here.

fostering innovation, building on innovative uses of data and technology for service delivery, and scaling them up for maximum impact[120].

Furthermore, it is essential for public policies to consider the potential of the job creation and economic development that the ICT industry brings (as is already the case in some countries, e.g. Serbia). Public support for investment, including foreign investment, in the sector and development of ICT startups, could contribute to the creation of high-quality jobs, reduce emigration, and contribute to skills development in line with national and international market demands. Such developments could also enhance investments in digital education, including participation in STEM education, which is still suboptimal, particularly for women.

Skills dimension

Education, training and skills development is another major policy area with great potential for contributing to sustainable development in the region. As assessed in the analysis, the skills mismatches and shortages in the region are significant. At the same time, the flexibilisation of the labour markets is taking place in the Western Balkans, new forms of employment are emerging, and even in the 'traditional' labour markets the skills demands are continuously evolving. Workers are tending to change their career paths more often, and the migration between the traditional and online labour markets is likely to become increasingly prevalent. This requires **more flexible education and life-long learning systems**, reflecting the increasing diversity of learners, learning environments and contexts.

To satisfy the skills demand and ensure better skills matching, systemic approaches to the monitoring of skills supply and demand, including of digital skills[121], are necessary. Such labour market information systems should provide evidence, inform beyond the functional responsibilities of single institutions, and be integrated into the education curricula[122]. The existing evidence already shows sectors and occupations that are crucial in driving the economic development of the Western Balkans. The ICT sector stands out, as it is characterised by higher productivity than the other sectors of the Western Balkan economies and is among the most competitive in the global digitalised labour markets. Specialist ICT skills, therefore, should be high on the training priorities lists. Furthermore, the creative sector has been growing globally and is expected to grow further, providing additional job opportunities[123]. This trend has been illustrated by the data gathered for this report, with creative industry being the most popular occupation among the Western Balkan remote platform workers, as well as other reports confirming the growing creative sectors in some Western Balkan countries, e.g. Serbia[124].

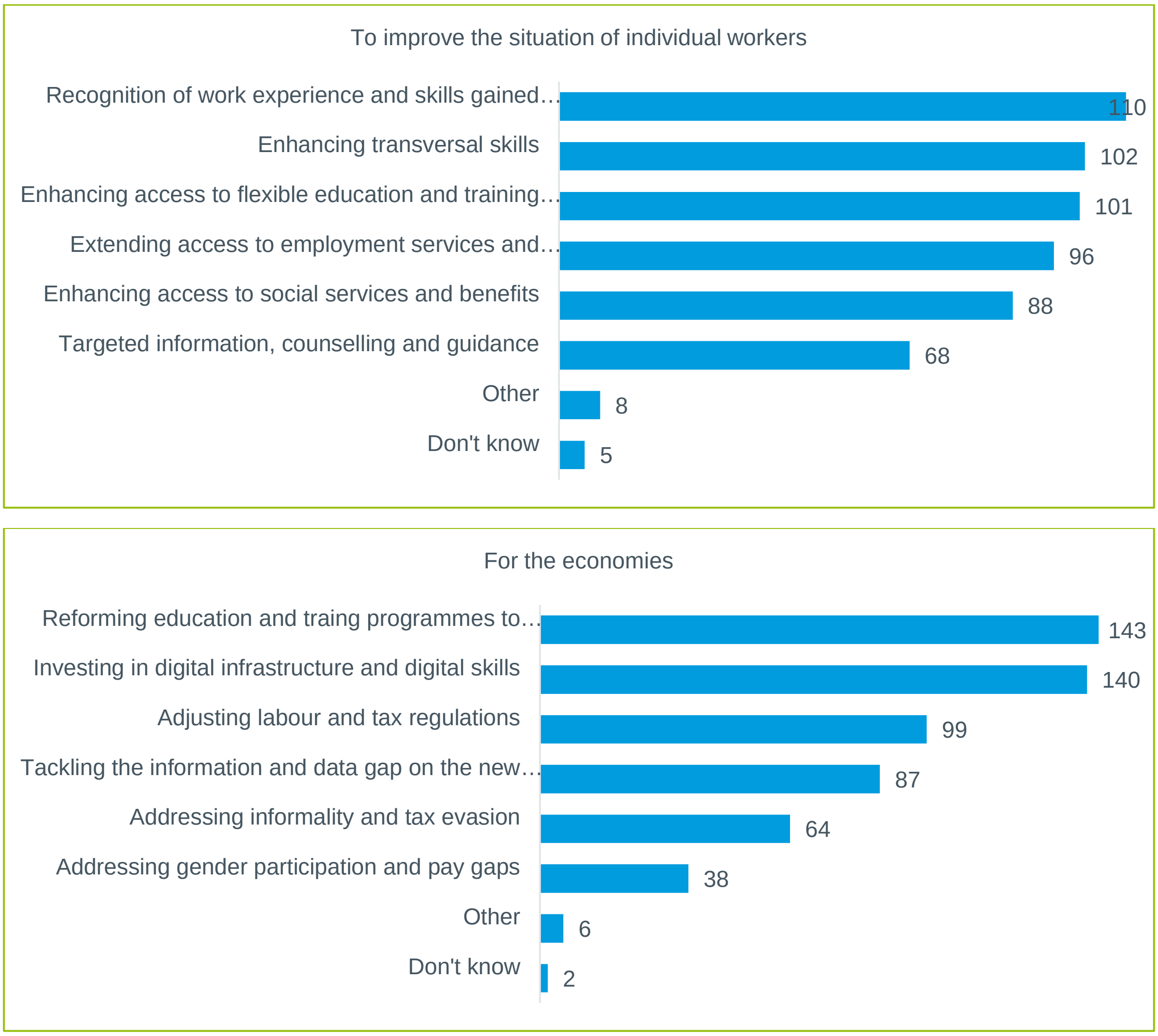
Different training paths and training formats can ensure the flexibility required in the changing labour markets. Several developments must be taken into account. First, the age of digitalisation **provides various ways of informal and non-formal learning**. Increasing numbers of people – including platform workers – are using Mass Open Online Courses (MOOCs), other non-formal education courses or are learning autonomously using the wealth of textual and visual information available online, that could be further built upon and promoted to equip workers with cutting-edge skills. Second, on-the-job learning, besides fostering technical skills, is the key to developing soft skills that equip workers – especially young people – with the capability of easily shifting from one type of work to another, locally and/or globally. This also concerns work though the digital labour platforms, especially remote work for international clients.

However, to effectively realise the skills gained in such settings, procedures for **validating non-formal and informal learning** are needed. The recognition of flexible learning pathways and prior learning

[120] World Bank (2021). Harnessing transformative technologies to arrest the unfolding human capital crisis. Blog post. Available here.
[121] Williams, C. C. and Kayaoglu, A. (2020). COVID-19 and undeclared work: Impacts and policy responses in Europe. The Service Industries Journal, 40(13-14), 914-931.
[122] ITU Regional Forum for Europe on Digital Skills Development (2021). Digital Skills in Albania. Available here.
[123] Deloitte (2021), The Future of the Creative Economy. Available here.
[124] Europa Regina (2022), Creative industries Serbia. Available here.

experience is also important for those entering the labour market through platform work. The need to ensure this was emphasised by the interviewed and surveyed stakeholders, who stated that this was one of the priorities in addressing the increasing flexibility of the labour markets (see figure below).

Figure 31. Which policy actions would you consider to be a priority in the Western Balkans?



Source: stakeholder survey. N=215. A respondent could select up to three answers.

Besides the recognition of work experience and skills gained through the new forms of employment, many stakeholders agree that a **more active role of public employment and career counselling services is desirable** – to also cover workers in atypical employment, including platform work. Promotion of the online work opportunities can be especially relevant in ensuring smoother school to work transitions and further career development. Support to entrepreneurship is another potential direction that could incentivise the unemployed young people to pursue self-employment instead of traditional employment. At least in some of the Western Balkan countries (e.g. Kosovo), making employment services and activation measures more effective will require notable reforms. Nevertheless, if successful, these measures could provide significant job opportunities for young people and adults.

The labour market

Labour and tax regulations are key for ensuring fair labour market conditions and mitigate inequalities. The issues of the employment status of atypical and platform workers and their rights have gained great prominence in the EU in the recent years. Nevertheless, while the European

Commission, with a proposal for a directive to improve the working conditions of platform workers[125]), and individual EU Member States (e.g. Spain and Italy), have shown initiatives to regulate platform work and protect platform workers, only very few steps have been taken in the Western Balkan region. This area has only recently been recognised as an emerging policy-relevant phenomenon in some of the Western Balkan countries, for example Montenegro and Serbia. Putting these issues on policy agendas is therefore a crucial step towards realising the benefits that these jobs could offer. In some cases, this might require modernising the labour codes by including the regulation of new forms of employment and atypical work.

The efforts to improve the labour market transitions should go hand in hand with **better protection and rights of atypical workers**. Short-term measures should include the expansion of health and social benefits for atypical workers, while the medium-term measures should include comprehensive and coordinated structural reforms in the labour markets, education systems and business-friendly environments.

Ensuring worker rights, however, cannot be achieved without **clarifying the employment status and tax obligations of platform workers and freelancers**. In the EU, the key policy discussion revolves around whether platform workers should be considered employed or self-employed – with self employment being the preferred and rather well-regulated status of many platform workers, especially in high-complexity occupations. Meanwhile, in some Western Balkan countries, self employment has not been established sufficiently as an option for many workers for whom this could be relevant.

In some countries (e.g. North Macedonia), it is hardly possible to obtain a self-employed status for platform workers operating outside the list of regulated occupations for which self employment is applicable (e.g. lawyers, architects, etc.). For other occupations, even for the highly skilled, there are no simplified tax procedures, which is driving many to work informally. As such, **holistic approaches to reducing informality in the labour market and improving tax compliance are necessary[126]**. Measures to tackle informality – e.g. those increasing the transparency of cross-border monetary transactions – can, in turn, help to improve the knowledge and understanding of the new forms of employment and platform work. Furthermore, it has been noted that the **public employment services** (PES) can have an important role to play in integrating atypical workers in the formal labour market by offering their information, guidance and orientation, and training services to them. In addition, since new forms of employment, particularly through labour platforms, have the potential to grow in the region, the PES contribution to the transition from inactivity and unemployment towards new jobs is pivotal.

Evidence for policies

The recognition of the new forms of employment and platform work on an equal footing with the traditional forms of employment is emerging as one of the main aspects for policy attention. However, limited progress on the issue can – at least in part – be attributed to the lack of information and knowledge about many new forms of employment, including platform work. Finally, the countries should set up methodologies and systems to monitor developments in the new forms of work – including strengthening the data collection capabilities and developing better instruments for processing disaggregated data[127]. This is necessary for evidence-based decision making, and, ultimately, for monitoring and evaluation of the public policies implemented in this field. The current lack of official statistics makes any policy action with regard to the new forms of employment and platform work complicated, both technically and politically. Therefore, the evidence and analysis presented in this report aims at narrowing the information gap and supporting policy makers in further reflections.

[125] For further information see: https://ec.europa.eu/commission/presscorner/detail/en/ip_21_6605.
[126] World Bank. (2021). Albania Country Economic Memorandum: Strengthening the Sustainability of Albania's Growth Model. Available here, p. 17.
[127] Albania. NESS Annual Progress report 2020. Available here.

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GLOSSARY

Term	Definition
Algorithmic management	A diverse set of technological tools and techniques to remotely manage workforces, relying on data collection and surveillance of workers to enable automated or semi-automated decision-making. Some of the characteristics include detailed surveillance (e.g. driver locations and routes using GPS), consumer-sourced rating systems (e.g. in Uber and other ride-hailing apps, the user reviews of drivers can influence the future tasks allocated to these drivers by algorithms), and automated 'nudges' (e.g. Uber price surges during rush times, to incentivise more drivers to work).
Atypical /non-standard work	Atypical/non-standard work, according to Eurofound's definition, refers to employment relationships that do not conform to the standard model of full-time, regular, open-ended employment with a single employer. Atypical work includes part-time work, temporary work, fixed-term work, casual and seasonal work, self-employment, independent workers and homeworkers.
Collaborative economy	A term sometimes used instead of platform economy, sometimes with normative or non-economic connotations, or to denote individual-to-individual (rather than firm-to-firm or firm-to-individual) transactions.
Employee	A worker who is in a contractual employment relationship with another person (an employer), in return for remuneration.
Employment contract	The contract that formalises the employment relationship between an employee and employer, characterised by the subordination of an employee to an employer.
Freelancer	A person who is de facto self-employed and not necessarily committed to a particular client long-term. Most common fields, professions and industries where freelancing is predominant include music, writing, acting, computer programming, web design, graphic design, translating and illustrating, film and video production.
Informal employment	All forms of remunerated work that is not registered, regulated or protected. These are also referred to as 'shadow' or 'grey' employment arrangements.
Labour outsourcing	The business practice of hiring a party outside a company to perform services and create goods that traditionally were performed in-house by the company's own employees and staff. Outsourcing is a practice usually undertaken by companies as a cost-cutting measure, and, in the context of globalisation, is increasingly trans-border.
New forms of employment	Forms of employment besides regular employment and traditional self-employment, emerging in the context of the transformation of labour markets and economies. Often characterised by innovative forms of work organisation and contractual arrangements. Examples include platform work, remote work using ICT, voucher-based work and other arrangements.
Online platform	A digital service facilitating interactions between two or more distinct but interdependent sets of users (whether firms or individuals) who interact through the service via the internet.
Online labour platform	The term used to distinguish a platform (as in platform work) from other sorts of platforms. For example, Facebook, Google, Amazon and Uber are all online platforms, but only the latter is an online labour platform. The term also excludes online websites acting as pure job advertisement boards or CV banks and online info-desks, as online labour platforms also intermediate the service and monetary transactions between workers and clients.
On-location platform work	Platform work where services are provided at a specific location, in which a platform worker should be physically present. Includes both highly skilled work (e.g. music teaching, consultancy, architecture) and lower-skilled work (e.g. taxi services, food delivery, pet care).
Platform economy	Economic and social activity facilitated through online platforms. Like the regular economy, it can be characterised by the flow of both capital and labour.

Platform labour/ platform work	All labour provided through, on, or mediated by online labour platforms in a wide range of sectors, where work can be of varied forms and is provided in exchange of payment.
Remote platform work	Platform work where services are provided remotely, using ICT. Includes both highly skilled work (e.g. IT, software development, professional services) and lower-skilled work (e.g. micro-tasks).
Self-employment	A broad set of labour practices where a natural person earns income without an employment relationship with an employer; both bogus self-employment and genuine self-employment are types of self-employment. Self-employment can be registered with the authorities in a variety of forms in different countries (e.g. sole proprietor, individual/private entrepreneur, service/work contracts for independent contractors).

ANNEX 1. CONCEPTUAL FRAMEWORK: NEW FORMS OF EMPLOYMENT AND PLATFORM WORK

New forms of employment, according to the Eurofound's definition[128], represents the umbrella term for the more diversified forms of employment emerging. New forms of work are characterised by changing working patterns, contractual relationships, places, duration and schedule of work, increased use of information and communication technologies (ICT), or a combination of those.

Non-standard employment is defined as any form of employment, which deviate from a standard open-ended employment, including temporary, part-time and on-call work[129]. It may involve temporary agencies or multiparty employment relationships. Non-standard employment features prominently on digital labour platforms.

Platform work emerged within the phenomenon of the collaborative economy, in which platforms play the role of efficiently matching supply and demand and establishing trust between market players through a combination of decentralised information networks, big data analytics and mobile digital devices. Digital platforms have introduced new ways for coordinating economic activities by incorporating elements of firms and markets (they bring together supply and demand for a certain service and can also directly manage the transaction), but also transcending them (e.g. platforms can provide greater transparency and efficiency, expand the range of economic activity and introduce new models of work organisation)[130]. Digital platforms could be described by the following features:

- open marketplaces;
- allowing for the temporary **use of goods or services**;
- which are often provided by **private individuals**[131]; who are, in turn, **paid** for these goods and services[132];
- where transactions are coordinated by **algorithmic means**[133]; and
- generally, at **least three** parties are involved: the digital platform, the client and the provider of the service/good.

Essentially, the platform business model creates a network of participants cooperating in creating and capturing value from technological innovation[134]. Platforms are generally described as 'two-sided' and/or 'multisided' online markets that facilitate transactions or interactions between numerous independent groups. Typically, at least one but usually all associated groups benefit directly or indirectly from having a growing number of users on the other side(s)[135]. This intermediation channel

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[128] Eurofound, new forms of employment. Available here.
[129] ILO definition here.
[130] Pesole, A., Urzí Brancati, M.C., Fernández-Macías, E., Biagi, F. and González Vázquez, I. (2018). Platform workers in Europe, EUR 29275 EN, Publications Office of the European Union, Luxembourg.
[131] European Commission (2016). A European Agenda for the Collaborative Economy. Communication from the Commission. COM (2016) 356 final.
[132] Eurofound (2018). Employment and Working Conditions of Selected Types of Platform Work. Luxembourg: Publications Office of the European Union.
[133] Fernández-Macías, E. (2017). Automation, Digitization and Platforms: Implications for Work and Employment. Eurofound Working Paper, Luxembourg: Publications Office of the European Union.
[134] Chesbrough, H. W. (2003). Open innovation: The new imperative for creating and profiting from technology. Boston: Harvard Business Press.
[135] Hagiu, A. and Wright, J. (2015). Multi-sided platforms. International Journal of Industrial Organization, 43, 162 174. doi: 10.1016/j.ijindorg.2015.03.00; Martens, B. (2016). An Economic Policy Perspective on Online Platforms. (Working paper 2016/05) https://doi.org/10.2139/ssrn.2783656

can lower search costs for all participants and improve the match between agents at different ends of the exchange. This enables value-creation in the interaction process[136].

Although these criteria apply to all digital labour platforms, it is important to note that the above definition covers a broader spectrum, encompassing various types of online markets. In a similar way to the regular economy, the flow of capital and labour are the two key elements of the collaborative economy and online markets, which also allow us to distinguish between two types of platform marketplaces[137]:

- **digital capital platforms** that connect customers with providers who lend money, lease assets or sell goods (e.g. Airbnb, HomeAway, Etsy, Amazon, eBay);
- **digital labour platforms** that connect customers with professionals (freelancers) or people who carry out specific projects or assignments (e.g. TaskRabbit, Freelancer, Deliveroo, Uber).

This study focuses specifically on digital labour platforms and people working through them; therefore, digital capital platforms (e.g. Etsy, Amazon, Airbnb) fall outside the scope of this assignment.

Digital labour platforms can be defined as private internet-based companies that intermediate, with a greater or lesser extent of control, on-demand services requested by individual or corporate customers and provided directly or indirectly by individuals.

Digital labour platforms intermediate by enabling multiparty interactions and exchanges in an algorithmically managed setting, involving the platform, the person performing the task and the client/consumer, and – in some business models (e.g. food or groceries delivery) – other parties. These interactions are essential to what is referred to in this study as platform work. More specifically, **platform work** is defined as the work performed on demand and for remuneration by people working through digital labour platforms. **Several dimensions** allow us to further classify and systematise the variety within platform work.

The conceptual framework covers **two broad types of platform work** (see also the table below). These are based on whether people can work remotely online or must meet the client / go to a specific physical location in order to implement the task:

- **remote services**: remote delivery of electronically transmittable services (e.g. via freelance marketplaces). This is also referred to, in various sources, as cloud work, crowd work[138], online freelancing[139], remote platform work or global-reach platform work[140];
- **on-location services**: the delivery of services is physical, although matching and administration services between customers and service providers are digital (e.g. transportation, cleaning or

[136] Parker, G. G., Van Alstyne, M. W. and Choudary, S.P. (2016). Platform Revolution: How Networked Markets Are Transforming the Economy-And How to Make Them Work for You. New York: WW Norton & Company; Duch-Brown, N. (2017). The Competitive Landscape of Online Platforms. (Working paper 2017/04) Retrieved February 2022 from https://ec.europa.eu/jrc/sites/default/files/jrc106299.pdf
[137] Farrell, D. and Greig, F. (2016). Paychecks, Paydays, and the Online Platform Economy. Big Data on Income Volatility. JPMorgan Chase & Co. Institute.
[138] Duggan, J., Sherman, U., Carbery, R. and McDonnell, A. (2020). Algorithmic management and app-work in the gig economy: A research agenda for employment relations and HRM. Human Resource Management Journal, 30(1), 114-132.
[139] Popiel, P. (2017). 'Boundaryless' in the creative economy: assessing freelancing on Upwork. Critical Studies in Media Communication, 34(3), 220-233.
[140] World Economic Forum. Platform for Shaping the Future of the New Economy and Society (2020). The promise of platform work: understanding the ecosystem. World Economic Forum, Geneva, Switzerland. Available here.

delivery services). This is also referred to in various studies as app work[141], location-based digital labour or mobile labour markets[142].

Table 6. Main categories of platform work

	Online	On-location
High-skill	▪ Professional services (e.g. accounting, legal, teaching, consultancy, project management and similar). ▪ Creative and multimedia work (e.g. animation, graphic design, photo editing and similar). ▪ Sales and marketing support work (e.g. lead generation, posting ads, social media management, search engine optimisation and similar). ▪ Software development and technology work (e.g. data science, game development, mobile development and similar). ▪ Writing and translation work (e.g. article writing, copywriting, proofreading, translation and similar).	▪ Construction and repair services. ▪ At-home beauty services. ▪ On-demand sports and health services. ▪ On-demand photography services. ▪ On-demand teaching and counselling services. ▪ Tourism and gastronomy services.
Low-skill	▪ Online clerical and data-entry tasks (e.g. customer services, data entry, transcription). ▪ Online microtasks (e.g. object classification, tagging, content review, website feedback and similar). ▪ Mystery shopper activities.	▪ Transportation services (e.g. services similar to taxi services, moving). ▪ Delivery services (e.g. courier and food-delivery services, grocery delivery). ▪ Housekeeping and other home services. ▪ On-demand pet care services (e.g. dog walking). ▪ On-demand childcare and elderly care services. ▪ Temporary ancillary work.

Source: developed by the authors, based on the iLabour project of the Oxford Internet Institute and the desk review of online work platforms.

Second, the degree of control exerted by platforms through **algorithmic management** – and, correspondingly, in the form of **worker-client matching** – differ notably between platforms and types of platform work. This can vary from a highly controlled working environment that creates a de facto relationship of subordination between a platform and the people working through it, to a pure marketplace model with low levels of algorithmic control. Higher levels of algorithmic control can be found in certain types of on-location services (e.g. ride-hailing, delivery), where an algorithm identifies and offers tasks to a person, linking service providers and clients without their intervention, and then monitoring both parties using mobile applications while the service is being provided (e.g. a journey via Uber, food delivery). Similar situations can be found in online microtasking (e.g. on platforms such as Appen, Amazon Mechanical Turk), where the level of pay for a specific task is usually set by the platform.

Meanwhile, more complex on-location services (e.g. on-location consultancy, teaching, photography services), as well as high-skill remote platform work are usually provided via a marketplace model: the customer decides and selects whose services they wish to pay for (e.g. specific translators, programmers, designers and other online freelancers) on the basis of service providers' profiles, ratings, rankings or other relevant information. The service providers and clients may interact and

[141] Duggan, J., Sherman, U., Carbery, R. and McDonnell, A. (2020). Algorithmic management and app-work in the gig economy: A research agenda for employment relations and HRM. Human Resource Management Journal, 30(1), 114-132.
[142] Schmidt, F.A. (2017). Digital labour markets in the platform economy: Mapping the political challenges of crowd work and gig work. Bonn: Friedrich-Ebert-Stiftung.

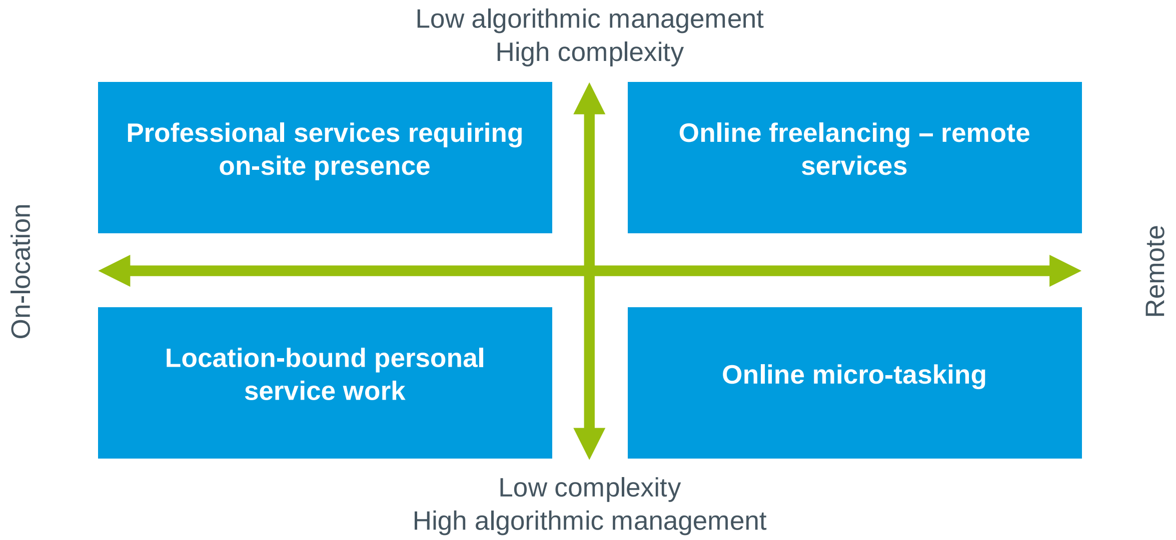
negotiate the terms before they decide to proceed with the transaction, meaning that the people working through such platforms enjoy a high degree of autonomy.

Overall, the **matching processes and the underlying level of algorithmic management and control** have a great deal of influence over the autonomy and other working conditions of people working through platforms. This also tends to correlate with skills and pay levels, as well as the complexity of tasks: tasks that require lower levels of skill tend to be associated with higher algorithmic control by the platform.

Skills level and task complexity is therefore the third important dimension involved in classifying platform work. Although on-location platform work is more often associated with lower levels of skill than remote platform work, this is not necessarily true in all cases. Remote platform work can involve carrying out low-complexity tasks that do not require any additional skills beyond basic digital literacy, while on-location work may involve highly complex tasks such as teaching, consultancy and similar.

These three dimensions of platform work constitute the conceptual framework for platform work (see figure below).

Figure 32. Dimensions of platform work



It is important to note that a wide variety of labour platform companies and their business models exists. The main distinction, which has already been made in the earliest research on platform work, is based on the type of tasks they intermediate: **on-location** and **remote labour platforms**. While the first type intermediates services that are solely or mostly performed in the physical world, e.g. ride hailing, food delivery, household tasks (cleaning, plumbing, caring, etc.), the second type intermediates services that are solely or mostly performed in the online world (e.g. AI training, image tagging, design projects, translations and editing work, software development).

Within these broader categories, sub-types exist that also relate to the types of platform work intermediated. The distinctions between platforms are, in many cases, not clear-cut. For instance, a classification of platforms proposed by Eurofound[143] (which distinguishes between 10 categories of platforms), besides remote or on-location service delivery and skills levels, also distinguishes between the following elements:

- the selection process on the platform (decision made primarily by platform, client, person performing the task or combinations);
- the form of client-service provider matching on the platform (offer, contest).

[143] Eurofound (2018). Employment and Working Conditions of Selected Types of Platform Work. Publications Office of the European Union, Luxembourg.

However, many platforms exist that may fall under more than one category in all of these dimensions. For example, many platforms intermediate both remote and on-location work, requiring different levels of skills. The selection process and forms of matching may also vary within a single platform (for example, although Upwork mostly operates as an online freelance marketplace in which people working through the platform and clients negotiate, for larger clients the platform may select the service providers itself). This entails varying approaches to management, remuneration and algorithmic control within a single platform.

Even platforms that fall within the same category may provide different opportunities for people working through them to earn money. While some may offer people enough tasks for platform work to become a full-time job, others may be very limited in this regard. For example, some platforms specifically in microtasks, human intelligence tasks (HIT) or software testing may offer registered users a task only very sporadically, and therefore do not provide a chance for this to become a significant source of income.

In addition to this, variations between the different business models used by platforms are heightened by differences in, among other things:

- the primary revenue source (e.g. commission fees from workers, clients or both, subscription, advertising, etc.);
- the employment status of people working through the platform (e.g. self-employed, employed, on payroll through third parties);
- additional parties involved besides the digital labour platform, people working through platform and clients (e.g. temporary employment agencies, escrow service providers, work tool leasing companies, restaurants, etc.);
- the types of clients (e.g. primarily natural persons, primarily businesses, both undetermined).

While some companies operate purely as digital labour platforms, for other companies this may be just a small share of revenue in their overall business model. In the public discourse and debates, the 'platform business model' is considered to be a type of business model identified within the ICT sector. In other words, platforms mostly identify themselves as information society service providers rather than employers or service providers in specific sectors – service provision is attributed to the self-employed workers who are customers of the technology provided by the platforms, enabling them to find clients. As a result, platforms often attempt to differentiate themselves from more traditional companies operating in already regulated sectors of the economy and using digital websites or applications to match workers and clients (such as taxis or translation bureaus; and temporary employment agencies). This has been increasingly contested recently by policymakers in the EU and beyond, who see platforms in some sectors as employers who are evading labour relationships and the related obligations.

ANNEX 2. METHODOLOGY

The Western Balkan regional analysis presented in this report builds on a mixed method approach for national and international level data collection and analysis: desk research, literature review, interviews, a stakeholder survey and automated data collection form the web. These methods are further described in more detail. The data collection activities took place at national and international level. To ensure the consistency of evidence collected and presented across the six Western Balkan economies, the national experts were provided with detailed national data collection guidelines and reporting templates. In this chapter, we present the methods applied in detail.

Desk research and literature reviews

A focused desk research and literature review, covering academic and grey literature, policy documents and online publications was implemented in English and in the national languages of the Western Balkan countries (Serbian, Montenegrin, Macedonian, Bosnian, Albanian). Generally, the exercise followed a standard set of steps:

1. **Defining search keywords**, (e.g. new forms of work, platform work, gig work, platform economy, freelancing, digital skills, skills policy, youth policy, etc.) and translating them into the national languages.
2. **Search**, using universal search engines (Google and Google Scholar), scientific literature databases and publication depositories of relevant organisations, projects and initiatives (e.g. the ETF, ILO and World Bank).
3. **Refinement of the search results** based on their relevance and quality. We included a variety of sources, such as (a full list of sources reviewed is provided in the References section):
   a. academic research papers;
   b. national and regional media reports;
   c. national policy documents, especially those relating to labour market and skills strategies;
   d. existing legislation on labour market regulation, in the view of its applicability to platform work;
   e. websites of identified national and international platforms;
   f. national statistics.
4. **Synthesis of relevant findings**. The systemisation of findings was implemented in English. The results of this exercise are presented in this report, along with evidence gathered using other methods described below.

The full list of sources used is provided in the References section of this document. It is important to note that in the absence of academic peer-reviewed publications on the issues of interest and comparable representative data across the countries, the analysis relied heavily on internet sources and media messages. Very often, they provided fragmented or contradictory information. While we aimed to present this situation transparently, the treatment of information based on these sources should be treated with caution: while it provides a picture of platform work in the region, additional comparative research is necessary to fill in the knowledge gaps.

Interviews

In preparation of this report and the accompanying outputs, we carried out 59 interviews in the six target countries and with regional platform representatives. The numbers and types of interviewees are presented in the table below.

The interviews were conducted by the national and international experts in the national languages and in English. The interviews had a semi-structured format, focusing on the main research questions (provided to national experts as part of the standardised templates for national reporting), expanded by the interviewers' expertise.

Automated collection of data from the web

The insights from desk research and interviews were supplemented with data from four relevant online labour platforms for providing web-based services: **Guru.com, People Per Hour, Hubstaff Talent and Freelancer.com**. This selection was influenced by several aspects. First, these are international websites that have a notable number of workers from all the Western Balkan economies and could be filtered by location. Second, these platforms are not specialised and offer a variety of jobs, requiring a variety of skills and qualifications (as opposed, for example, to platforms focusing specifically on designers, programmers or translators, etc.). Third, the websites of these platforms display the information in such a way that is especially convenient for data scraping (e.g. they provide skills and the hourly rate data in search results, while other platforms do not) and allowed the collection of comparative data in a relatively short amount of time.

It is important to note, however, that the actual number of workers could differ from the number of observations in the dataset, because the same person could have an account on multiple platforms, or some accounts could be used by more than one freelancer.

The data was then encoded to enable a more detailed analysis. The key coding efforts were directed at developing the following new variables:

- **Occupation**. One of six occupations were ascribed to each platform worker using the same classification as applied by the iLabour Project[144] (see table below), which is also in line with the study's conceptual framework. To ascribe the platform workers to specific occupations, we used keywords information from the 'tags' provided in the 'skills' section on Freelancer.com, Guru.com, People Per Hour and Hubstaff Talent.
- **Gender**. To derive a new variable for gender, we used the 'name' information of each platform worker. In Western Balkans, female Slavic names as well as the majority of female Albanian names end with -a, thus, we first encoded all persons with first names ending with -a as female. Then we again manually inspected these codes to find and reencode the short forms of male names ending with -a (e.g.: *Ilija, Djokica, Nemanja, Nikola, Luka*). We relied on Wikipedia for the lists of most common Eastern Slavic and Albanian short names[145] and also on popular male names in the researched countries.
- **Activity**. Generally, many workers who register on web-based work platforms never manage to secure work assignments. We therefore used the indicator on the number of reviews or completed projects to understand the activity rates of platform workers. More specifically, we classified workers as active if: 1) they had received a review/feedback (meaning that they had completed at least one task via the platform and had been assessed by their clients); 2) if the number of completed projects was more than 0. In the case of Hubstaff Talent, which does not have either, we assumed that those with hourly rates are active.

Stakeholder survey

In addition to the interview programme, stakeholder views on the main opportunities and challenges of an increased labour market flexibility in the region, as well as on the possible policy measures to address them, were collected in an online survey. The survey targeted stakeholders from the six

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[144] Please see the detailed methodology in Kassi (2016). "How is online work classified in the OLI?". Available here.
[145] See more: https://en.wikipedia.org/wiki/Eastern_Slavic_naming_customs.

Western Balkan countries, as well as international and regional organisations. The survey took place from 12 April to 30 April 2022, resulting in 215 complete responses.

It focused on the main opportunities and challenges brought about by the increasing labour market flexibility in the region and individual countries, as well as the prioritised policy actions to mitigate these risks and realise the opportunities. It was programmed into the Computer Assisted Web Interviewing (CAWI) survey tool Alchemer and conducted in seven languages: English, Albanian, Croatian, Montenegrin, Bosnian, Macedonian and Serbian.