

Personal and household services in North Macedonia Improving working conditions and services through industrial relations

Project PERHOUSE



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Policy Brief

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The main characteristics and challenges of personal and household services

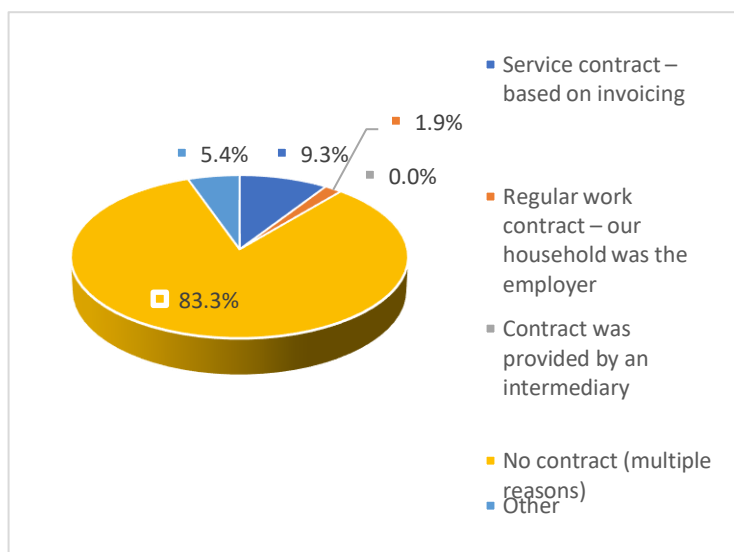
Main Characteristics of PHS in North Macedonia:

- **Heterogeneous Sector:** Includes a variety of services like childcare, adult/senior care, and non-care services.
- **Economic and Social Importance:** Significant contribution to the economy and societal well-being.
- **Transition and Reform:** Undergoing changes, especially in care services, moving towards community-based care.
- **Supply and Demand Gap:** Unmet needs for childcare and senior care services.
- **High Informality:** A large share of services is provided informally.
- **Labour Shortages and "Care Drain":** Challenges in recruitment and retention due to migration for better opportunities.
- **Legislative and Policy Framework:** Room for improvement to support sector growth and improve job quality.

Main Challenges in PHS in North Macedonia:

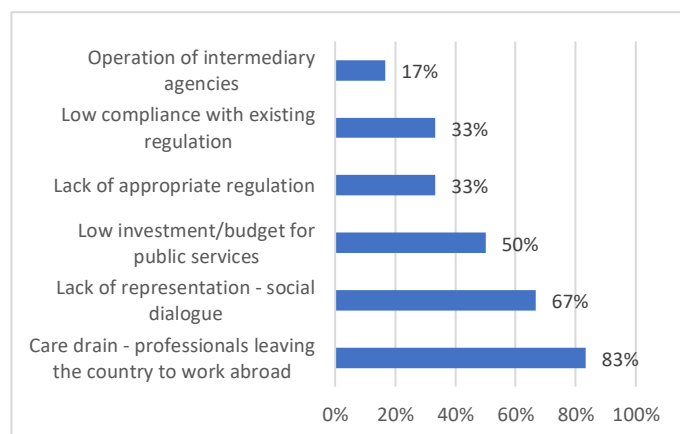
- **Labour Shortages:** Driven by demographic changes and high emigration rates.
- **High Informality and Precarious Work:** Many workers are employed informally, lacking social protection.
- **Lack of Representation and Weak Social Dialogue:** Limited collective bargaining and representation, especially for private and informal workers.
- **Regulatory Complexity and Administrative Burdens:** Difficulties for households to formally employ workers.
- **Discrepancy in Working Conditions:** Differences between public and private sector workers, with a lack of standardized conditions across the sector.

Figure 1: Type of contract with the last service provider (as a % of total responses)



Source: Demand survey

Figure 2: Main challenges in the PHS sector (as a % of total responses)



Source: Social Dialogue Survey. Data in the graph presents cumulative

responses for agree and strong agree and is expressed as a percentage of total responses.

"I am a nurse in the care institution and work in two shifts. In parallel, I am offering informal care services for adults. As such, I am working two shifts (one shift in a formal job and one shift in an informal job) and earning good" (FG2)

Key findings on social dialogue in personal and household services

- **Collective Bargaining Structure:** Collective bargaining occurs at national, sectoral (branch or department according to NACE), and employer (company) levels, with specific collective agreements applying directly or indirectly across sectors.
- **Trade Union Representation:** The sector is represented by several trade union confederations, including the Federation of Trade Unions of Macedonia (SSM) and the Confederation of Free Trade Unions of Macedonia (KSS), among others. However, trade union density is estimated at 16.7% nationally, with a collective bargaining coverage rate of 68.7% in the private sector and 31.35% in the public sector.
- **Challenges in Representation and Collective Bargaining:** There is a notable gap in representation and collective bargaining within private care providers compared to the public sector, partly due to unclear legislation regarding the applicability of General Collective Agreements (GCA) and Special Collective Agreements (SCA) to private institutions providing public services.
- **Lack of Unionization in Private Sector and Informal Employment:** Private childcare institutions and institutions for care of senior people lack strong and organized unionization. Informal workers, especially in the non-care sector, do not have formal employment contracts, making them isolated and vulnerable.
- **Role of Intermediary Agencies:** Intermediary agencies, primarily offering non-care services, pose a challenge as they employ workers under conditions that may not always align with formal employment standards or collective bargaining agreements.
- **Informality and Challenges in Social Dialogue:** High levels of informality in the sector make social dialogue and collective bargaining difficult, as informal workers are often not recognized as 'workers' eligible to join trade unions or participate in formal dialogue processes.

Social dialogue in the PHS sector in North Macedonia is marked by a distinct dichotomy between the public and private sectors, compounded by the challenges of high informality and weak unionization, especially among private care providers and informal workers. The existing legislative and policy framework has yet to fully address these disparities, leaving a gap in representation and collective bargaining that impacts the effectiveness of social dialogue in addressing the sector's needs and challenges.

Solutions and policy implications

- **Enhancing Formal Employment and Legal Frameworks:** Implement legal amendments to facilitate the formalization of domestic workers' employment. Simplify administrative procedures for households to register as employers, reducing financial and administrative burdens. Encourage digital registration to promote formal employment relationships.
- **Addressing Labour Shortages and Skill Gaps:** Launch programs for training and certifying caregivers, focusing on addressing skilled labour shortages in the PHS sector. Promote the professionalization of workers to ensure quality service provision.
- **Strengthening Social Dialogue and Collective Bargaining:** Improve social dialogue and collective bargaining in the PHS sector to establish industry-wide wage standards, working conditions, and professional development opportunities.
- **Supporting Sector-Specific Challenges through Policy Interventions:** Introduce targeted policies to address challenges specific to the PHS sector, such as the "care drain" phenomenon and the need for increased public investment in social services. Implement national strategies to mitigate the effects of demographic changes and emigration on the demand and supply of PHS.
- **Enhancing Service Quality and Accessibility:** Increase investments in public services to expand their availability and affordability. Encourage the development of flexible service offerings by private providers to meet diverse client needs and preferences.
- **Promoting Digital Platforms for Labour Registration:** Utilize digital platforms for the registration of seasonal and occasional workers to facilitate formalization and provide valuable data for policy analysis and decision-making.
- **Incentivizing Formalization through Financial Measures:** To introduce financial incentives for employers to formalize employment relationships, such as subsidizing social contribution rates for formalized domestic workers.
- **Fostering Public-Private Partnerships:** Encourage collaboration between public institutions and private service providers to enhance the quality and accessibility of PHS. Include private service providers in government-funded training and capacity-building programs.
- Engage with EU-level social dialogue mechanisms to align national strategies with broader European objectives and benefit from cross-national learning and support.

Project information

Project outputs include a comprehensive report on personal and household services and social dialogue in [country] and a comparative report for 12 Central European Countries. All project outputs are available at <https://celsi.sk/en/projects/detail/209/>
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