

EMBRACING THE DIGITAL AGE: THE FUTURE OF WORK IN THE WESTERN BALKANS

NEW FORMS OF EMPLOYMENT AND PLATFORM WORK

Implications for youth employment policies and
skills development

COUNTRY REPORT: MONTENEGRO

Disclaimer

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PREFACE

The European Training Foundation (ETF) is engaged in the international debate about the future of work in developing and transition countries, in particular in the EU Neighbourhood and Central Asia. It has launched several actions analysing global transformations that impact labour market performance and skills demand, identifying the implications for workers and learners. Updating and consolidating the knowledge on recent changes in work patterns driven by digitalisation sheds light on key issues for employment and skills development.

This report is a part of the ETF study conducted in the 6 Western Balkan countries, following the work in the 6 Eastern Partnership countries [The future of work: New forms of employment and platform work in the Eastern Partnership countries](#). The country-specific research and consultations in Montenegro took place between December 2021 and May 2022. The manuscript was completed in June 2022.

The analysis confirms the huge impact of technological change on Western Balkan economies, including Montenegro, 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 open up new markets and new ways of work, often becoming an alternative to migration. 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 a chance to harness entrepreneurial potential.

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INTRODUCTION

Social, economic, and technological changes within the EU and Neighbourhood countries, including the Western Balkans, have fostered a notable **increase** in labour market flexibility. New and non-standard forms of employment¹ have grown in scale and prominence in recent years. Many of these new forms of employment deviate from traditional conceptions of work, both in terms of their legal and contractual form, as well as in practical working conditions.

Some of the most notable non-standard forms of employment include temporary employment, part-time and on-call work; temporary agency work and other multiparty employment relationships; and various forms of self-employment. Besides the general trend increasing flexibility in labour markets, digitalisation enhances the development of non-standard forms of employment. Work through digital labour platforms (platform work) is one of the more significant examples of recent transformations in the employment landscape, especially in the context of the COVID-19 pandemic.

Platform work is a new and expanding phenomenon and the key focus of this report. It can be defined as services provided on demand and for remuneration by people working through digital platforms. These platforms can facilitate the provision of both remote and on-location services, that require varying skill levels, and – depending on the business model of the platform – exert different levels of algorithmic control over workers. Platform work can also be named gig work, online freelancing, app work, or is simply better known by the brand of individual platforms such as Uber, Glovo, Upwork, and many others.²

This report examines the emergence of the new forms of employment and platform work in Montenegro by relying on a mixed-method approach to data collection and analysis, involving desk research, interviews, and analysis of automatically collected data from the platforms. The in-depth research was complemented with a survey to identify priorities for policy actions.

The desk research and interviews were conducted in English and Montenegrin between December 2021 and February 2022. Interviews were targeted at policymakers, representatives of business and worker associations, as well as platform companies operating in Montenegro and people working through these platforms.

The automatic data collection was conducted between November and December 2021 and targeted four platforms that are popular among freelancers from the Western Balkans - Freelancer.com, People Per Hour, Guru.com, and Hubstaff Talent. These platforms were selected based on the number of people from the region working through them, as well as the possibility to collect data in an automated way from them. Upwork, one of the major platforms, could not be scraped due to measures implemented by the platform to limit such activities at the time the data collection took place. Therefore, this platform was covered through alternative data collection methods.

¹ Mandl, I. (2020). New forms of employment: 2020 update. New forms of employment series. Publications Office of the European Union. Luxembourg.

² The conceptual framework of platform work included in ETF (2021): The future of work – New forms of employment in the Eastern Partnership countries: Platform work, Annex I available at <https://www.etf.europa.eu/en/publications-and-resources/publications/future-work-new-forms-employment-eastern-partnership>

SETTING THE SCENE

Montenegro is a candidate country for accession to the EU. It is also an upper-middle-income country, characterised by a small and open economy. Its economy is particularly vulnerable to external shocks, as it relies heavily on capital inflows from abroad to stimulate its growth. In 2019, the annual GDP growth was 4.1%, which was smaller compared to the annual GDP growth of 5% in 2018. The subsequent COVID-19 pandemic hit the Montenegrin economy particularly hard, resulting in a decrease in the annual GDP of 15.3%. This was largely driven by losses in the tourism sector, as foreign tourist arrivals decreased by 79.2% as of January 2021.³ Nevertheless, the country achieved annual GDP growth of 7% in 2021.⁴

The economic structure of Montenegro includes potential drivers of growth, mainly in the services sector. The service industry in the country is dominated by tourism, which is also a key export sector. Although much smaller in number, other sectors include a knowledge economy, especially when it comes to providing services in the digital sphere. The digital sector also makes up part of the country's exports, but operations within it are hampered by banking regulations that lag behind the legislation of other European countries.

Montenegro has three regions that differ economically, in terms of both structure and prosperity:

- The Southern region, which includes six coastal municipalities, can be described as the wealthiest and most economically stable. However, it has failed to solve the long-standing problem of business seasonality, despite the tourist season running from March to November, with a peak from June to September.
- The Central region which includes the capital Podgorica is the administrative and financial centre of the country. It is home to more than a third of Montenegro's population. Other municipalities in the Central region are characterized by small-scale production, agriculture, and trade.
- The Northern region of Montenegro is the poorest. During the economic transformation period, many factories were closed due to unsustainable production and debt, and a large number of the unemployed had no other job opportunities. Most of the population migrated from the Northern region, both within the country, either to the south of Montenegro or to Podgorica, and abroad, especially to Germany and the United States.

Since regaining its independence, Montenegro has been successfully promoting itself as an investment destination, which has contributed to new construction and tourism projects, especially in the luxury segment. However, in addition to the economic benefits that such projects have brought, parallel growth of the **informal economy** in all accompanying spheres has been recorded. In 2016, 22.3% of those who were employed in Montenegro were employed informally.⁵ According to a 2021 ILO survey, 27.9% of the employed claimed that they receive minimum wage and their employers pay the rest of the wage in cash.⁶ Informal work is more common in the sectors of trade, construction, tourism and hospitality, craft, and industrial facilities of small and medium enterprises.⁷ Furthermore, youth, unskilled workers, and older unemployed people are more likely to work informally. The main reasons for informal employment are the lack of flexibility in the labour market, high unemployment rate, and high tax burden on employers.⁸

³ The World Bank. GDP growth (annual %) – Montenegro.

<https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=ME>

⁴ IMF (2022). Country Data. <https://www.imf.org/en/Countries/MNE>

⁵ Olivera Komar (2021). Performance of Western Balkan economies regarding the European Pillar of Social Rights; 2021 review on Montenegro. Regional Cooperation Council.

⁶ Olivera Komar (2021). Performance of Western Balkan economies regarding the European Pillar of Social Rights; 2021 review on Montenegro. Regional Cooperation Council.

⁷ Olivera Komar (2021). Performance of Western Balkan economies regarding the European Pillar of Social Rights; 2021 review on Montenegro. Regional Cooperation Council.

⁸ Olivera Komar (2021). Performance of Western Balkan economies regarding the European Pillar of Social Rights; 2021 review on Montenegro. Regional Cooperation Council.

The COVID-19 pandemic had significant negative effects on the Montenegrin labour market in 2020, while 2021 brought already some recovery. According to the Labour Force Survey, in the fourth quarter of 2021, the employment rate of those aged 15-64 was 53.3% and the unemployment rate was 15.7% for the same age group.⁹ The highest unemployment rate - 32.7% - was recorded in July 2000, while the lowest was in August 2009 at 10.1%¹⁰. Men were slightly more likely to be unemployed than women, with rates of 16% and 15.3%, respectively, in 2021 (among those aged 15-64).¹¹ Also, the highest number of unemployed persons were those in the 25-49 age group (26,900 unemployed persons) in the last quarter of 2021.¹² Throughout 2021, the Employment Agency of Montenegro recorded 17,960 new employees, and the announcement of 24,120 vacancies.¹³

Overall, around 2% of the Montenegrin population have no formal education, 28% have only primary school education, 52% have secondary level education and 17% have tertiary level education.¹⁴ Considering only those who are employed, the majority - 61% - have completed secondary education, followed by 34% who have graduated tertiary education and 5% with primary school education or lower. Among the unemployed, 64% have finished secondary education, 28% have tertiary education, and 9% have finished primary school or lower education.

A very high **youth unemployment** rate in Montenegro is another problem that is often pointed out. In 2021, the unemployment rate of those aged 15-24 was 37.4%.¹⁵ According to LFS data from 2021, young people aged 15-24 make up 25.5% of the total unemployed population in Montenegro. The situation of youth in the Montenegrin labour market is complicated and involves several important aspects. According to an ILO report on decent work, youth employment and skills-matching success were higher in Montenegro compared to its neighbouring countries in 2019.¹⁶ Furthermore, the Montenegrin labour market offers too few jobs for people with tertiary education. Anecdotal evidence suggests that in some cases graduates with bachelor's or master's degrees work as cashiers, taxi drivers, maids, and waiters.

Such conditions in the labour market constitute an important psychological factor for the **migration of young people**, which is a problem in Montenegro. The fact that years of schooling cannot provide young people with basic living conditions is cited as one of the key reasons why they leave the country. The latest data from the Centre for Civil Liberties (NGO CEGAS) published in December 2021,¹⁷ show that as many as 92% of young people would like to leave Montenegro, while 46% would do so in search of (better) employment opportunities. The results of this research also showed that 49% of young people would leave the country temporarily due to better business opportunities abroad and 43% are willing to leave permanently. Around 70% of respondents said they would like to see job creation, career guidance, community inclusion opportunities and investment in the education system to improve the position of young people in their country.

- Besides migration, the alternative option for the highly qualified is to work in public administration where salaries are considered decent¹⁸ and the provisions of the Labour Code are enforced more thoroughly than in the private sector. However, the entry barriers are high.

⁹ Monstat (2022). Labour Force survey. The fourth quarter 2021.

http://monstat.org/uploads/files/ARS/2021/4/LFS%20release_2021_Q4.pdf

¹⁰ Data gathered from the Employment Agency of Montenegro

¹¹ Monstat (2022). Labour Force survey. The fourth quarter 2021.

http://monstat.org/uploads/files/ARS/2021/4/LFS%20release_2021_Q4.pdf

¹² Monstat (2022). Labour Force survey. The fourth quarter 2021.

http://monstat.org/uploads/files/ARS/2021/4/LFS%20release_2021_Q4.pdf

¹³ Interview with the Employment Agency of Montenegro of Montenegro representative, date 2021-12-16

¹⁴ Data gathered by the Statistical Office of Montenegro

¹⁵ Monstat (2022). Labour Force survey. The fourth quarter 2021.

http://monstat.org/uploads/files/ARS/2021/4/LFS%20release_2021_Q4.pdf; Monstat (2021). Labour Force survey 2020. http://www.monstat.org/uploads/files/ARS/2020/ARS%20saopstenje_2020_en.pdf

¹⁶ ILO (2019). DECENT WORK COUNTRY PROGRAMME 2019–2021. Montenegro.

¹⁷ Available at: <https://cegasme.files.wordpress.com/2021/12/predlog-dizajna-za-izvjestaj-mladi-o-drustvu.pdf>

¹⁸ Interview with Montenegrin expert in ILO Vesna Simovic-Zvicer, date 2022-01-25

Another key obstacle to employment in sectors where there is a demand (e.g., ICT) is the **low level of digital literacy and insufficient knowledge of foreign languages among the population**. When it comes to foreign languages, English is spoken by less than 35% of the population.¹⁹ Eurostat data on the level of digital skills in the country showed that in 2017, 35% of individuals in Montenegro had basic digital skills and 14% had above basic digital skills.²⁰ According to estimates by the Independent Association of Electronic Development Professionals for 2021, the number of fully computer literate individuals still did not reach 50% of the population, while the share of those who do not use computers at all is estimated to have dropped to 38%.²¹ Furthermore, according to the data of the Statistical Office of Montenegro, 70% of households have a computer or tablet and internet access. However, basic computer literacy, which includes knowledge of how to use Word, Excel, e-mail, and the internet, still applies to only half of the population.²²

Nevertheless, a significant number of young people are continuously improving their digital skills through formal and non-formal education. Data collected by youth groups and student centres as a part of the “Digitalise Your Skills” project²³ has shown that around 5-8% of young people acquire additional knowledge and skills through platforms such as Udemy, edX, Duolingo and others. Through these digital educational platforms, young people acquire computer skills (programming, coding, design, editing), foreign languages or managerial skills (leadership, motivation, business psychology). However, whether these informal qualifications are accepted in the Montenegrin labour market varies by the employer.

¹⁹ Data gathered by the Statistical Office of Montenegro.

²⁰ Eurostat data (ISOC_SK_DSKL_I)

https://ec.europa.eu/eurostat/databrowser/view/isoc_sk_dskl_i/default/table?lang=en

²¹ Interview with Independent Association of Electronic Development Professionals representative, date 2022-01-18

²² Data gathered by the Statistical Office of Montenegro.

²³ Interview with Independent Association of Electronic Development Professionals representative, date 2022-01-18

NEW FORMS OF EMPLOYMENT

In view of the backdrop of the digitalisation push and suboptimal labour market performance, new and atypical forms of employment have been gaining popularity in Montenegro over the past years. Oftentimes their regulation lags behind real-world developments. One of the reasons for this is the lack of evidence on how atypical employment is spreading. The official statistics of the Employment Agency of Montenegro only provide data on the number of unemployed and employed people in accordance with the Labour Code, based on concluded employment contracts (full-time or part-time). There is no official record of the number of persons engaged in alternative forms of work. While a record of temporary service agreements exists, it is not likely to reflect the real situation of non-standard employment, as it is estimated that more than half of such activities occur in the informal economy.²⁴ Below we introduce the specific new forms of employment in Montenegro in more detail.

Remote work was partially recognised, but not fully regulated, when a new Labour Law was adopted in December 2019.²⁵ The Labour Code regulates employment agreements outside the premises of the employer, i.e., remote work, working from home, as a special type of employment agreement, concluded when nature of this work permit it. Therefore, a legal framework existed in Montenegro for working from home during the pandemic, when remote work increased considerably. According to Eurostat data, the percentage of employed persons working from home out of the entire employed population grew from 5.8% in 2019 to 7.5% in 2020.²⁶ The Government is looking into further possible updates to this regulation.

Temporary employment is very common largely because of the importance of tourism to Montenegro's economy which is characterised by seasonality. Another important sector in which temporary work is prevalent is construction. Establishing a temporary employment contract is relatively simple for most employers because, after the expiration of a temporary contract, they have no additional obligations to employees. Vacancies for temporary work are also announced in the public sector, most often to replace employees who are on sick leave or maternity leave. In 2020, 30.6% of those who were employed were working under fixed-term contracts, with males slightly more likely to work under a fixed-term contract than females (33% of male employees compared to 28% of female employees).²⁷

Part-time employment is provided for in the Labour Code and part-time contracts can be concluded for an indefinite or definite period. A part-time employee has all the same labour rights as a full-time employee who performs the same work under an employment contract. Around 4.1% of all employees in Montenegro were working part-time in 2020.²⁸ The rates of part-time employment differ by gender, with 4.5% of men working part-time and 3.6% of women.²⁹ Part-time work was most widespread in the agriculture sector, in which 23.4% of employees were working part-time.³⁰ In contrast, only 2-3% of employees worked part-time in the services sector.³¹

²⁴ ILO (2020). COVID-19 and the World of Work Rapid Assessment of the Employment Impacts and Policy Responses Montenegro

²⁵ Zakon o radu adopted on 23 December 2019 "Official Gazette of Montenegro", no. 74/2019.

²⁶ Eurostat data (Table LFSA_EHOMP).

https://ec.europa.eu/eurostat/databrowser/view/LFSA_EHOMP/default/table?lang=en&category=labour.employ.lfsa.emp

²⁷ Monstat (2021). Labour Force survey 2020.

http://www.monstat.org/uploads/files/ARS/2020/ARS%20saopstenje_2020_en.pdf

²⁸ Monstat (2021). Labour Force survey 2020.

http://www.monstat.org/uploads/files/ARS/2020/ARS%20saopstenje_2020_en.pdf

²⁹ Monstat (2021). Labour Force survey 2020.

http://www.monstat.org/uploads/files/ARS/2020/ARS%20saopstenje_2020_en.pdf

³⁰ Monstat (2021). Labour Force survey 2020.

http://www.monstat.org/uploads/files/ARS/2020/ARS%20saopstenje_2020_en.pdf

³¹ Monstat (2021). Labour Force survey 2020.

http://www.monstat.org/uploads/files/ARS/2020/ARS%20saopstenje_2020_en.pdf

The reasons why some employees may voluntarily work part-time are numerous. For example, some prefer part-time contracts to allow them to work for multiple employers, while others may have family and/or care responsibilities (e.g., single parents of children under the age of seven have the right to work for a maximum of four hours a day). However, others may only be offered part-time contracts instead of full-time employment and engage in this type of due to a lack of other options.

Another new form of employment is **on-call work** which is most often regulated by a temporary service agreement. Nevertheless, such employment arrangements are underreported; they belong entirely to the informal market and the work is done on the basis of an oral agreement and is paid in cash. On-call work arrangements apply to a wide range of professions from intellectual services, such as consulting, law, hiring professors, artists, or craftsmen, to the workforce for assistance, physical work and maintenance.

Temporary agency work is not regulated specifically in Montenegro, as the provisions of the Labour Code apply to it. The agency is considered to be the employer in this relationship, as they conclude the labour contract with the employee, in order to assign them to work with the beneficiary for a limited time. Temporary employment agencies are designed to increase the availability and visibility of work in areas where demand is often higher than supply. However, this form of work is often informal, as agencies find many ways not to report every activity for which they charge a client.³² Temporary work agencies in Montenegro tend to intermediate between workers and employers for a wide spectrum of jobs, from transportation services, cleaning, security, and hostesses, to photographers, tour guides, wedding planners, animators, and many others.

Some agencies also deal with human resource management for companies that do not have such a department, according to the outsourcing model. There are six such agencies³³ in Montenegro that work according to the requirements of clients, at the request of other employers who do not have an HR department. The work of these agencies is regulated through Law on mediation in job placement and rights arising from unemployment. Employment agencies may carry out Employment-related matters such as preparation for employment, mediation in job placement and other activities geared to increasing employment, or decreasing unemployment, in accordance with this Law and other regulations.

Finally, **self-employment** is encouraged by the Employment Agency of Montenegro, which provides grants for the self-employed. Funds for this type of support came from IPA funds with the aim of raising awareness about the benefits of this way of doing business. However, to increase the popularity of self-employment, there is a need of change in worker mindset. As studies and interview data shows, those that are most likely to become entrepreneurs, prefer seeking work in the public sector, which is considered secure and offering good conditions. Interestingly, formal self-employment decreased between 2020 and 2021. Out of the total employment, 19% were self-employed in 2020 and 15.9% in 2021.³⁴ Out of the total female employment, 10.7% were self-employed in the last quarter of 2021, while 15.9% of employed men were self-employed.

³² Interview with Chamber of Economy of Montenegro representative, date 2022-01-17

³³ Available at: <https://www.gov.me/dokumenta/83d25cc1-cdb5-47fb-aa50-ea837e5d941e>

³⁴ Monstat (2022). Labour Force survey. The fourth quarter 2021.

http://monstat.org/uploads/files/ARS/2021/4/LFS%20release_2021_Q4.pdf; Monstat (2021). Labour Force survey 2020. http://www.monstat.org/uploads/files/ARS/2020/ARS%20saopstenje_2020_en.pdf

PLATFORM WORK

Platform work is a very new, yet growing, form of work in Montenegro. Advancing digitalisation, combined with suboptimal labour market performance are the key drivers of engagement in this type of work, either remotely or on-location. In view of unemployment and low wages, platform work provides new opportunities to workers, thanks to low barrier of entry and the possibility to earn additional income easily. The Covid-19 pandemic contributed to the growing popularity of this new form of employment.

Platform work has only recently begun to draw attention from the media and other actors in Montenegro. As in many other countries, no official statistics on the scope and types of platform work exist in Montenegro. The lack of knowledge on the phenomenon is at least partly related to the fact that platform work is not specifically regulated in Montenegro. In the following sections, we present the available evidence on two types of platform work: on-location and remote services provided through digital labour platforms.

Remote platform work

Remote platform work appears to be slowly gaining prominence among qualified workers in Montenegro. Workers are increasingly choosing to provide their services through platforms such as Upwork, Freelancer.com, Guru.com, and others.

Due to limited data on remote platform workers, the following findings are triangulated based on three available sources: the Online Labour Index (OLI),³⁵ Gigmetar report,³⁶ and data automatically collected for the purposes of this study. It is important to note that while the data from the three sources complement each other and provide accurate indications as to the scope of online work, the findings are not directly comparable, as they cover different platforms:

- The Gigmetar report from August 2021 presents data on registered platform workers on Upwork, Freelancer.com, and Guru.com.
- Automatically collected data in November 2021 represents registered platform workers on Freelancer.com, Guru.com, Hubstaff Talent, and People Per Hour platforms.
- OLI data presents information on active (not just registered) platform workers on four English language web-based freelancing platforms Fiverr, Freelancer.com, Guru.com, and People Per Hour.

Overall, the number and engagement levels of online workers from Montenegro were one of the lowest in the Western Balkan region. This finding is consistent across various sources, including Gigmetar analysis from 2021,³⁷ Online labour Index (OLI) data,³⁸ and the analysis of four global digital labour platforms conducted in November 2021.³⁹

According to the OLI data, engagement in online work has been fluctuating in Montenegro with a net downward trend from 2017 to 2022. As visible in the graph below, the levels of activity peaked in 2017 and 2018 and again in late 2020. However, since the late summer of 2021, engagement in online work has returned to low levels among workers from Montenegro.

³⁵ Kässi, O.; Hadley, C.; Lehdonvirta, V. (2019). Online Labour Index: Measuring the Online Gig Economy for Policy and Research. figshare. Dataset. Retrieved from: <https://doi.org/10.6084/m9.figshare.3761562>

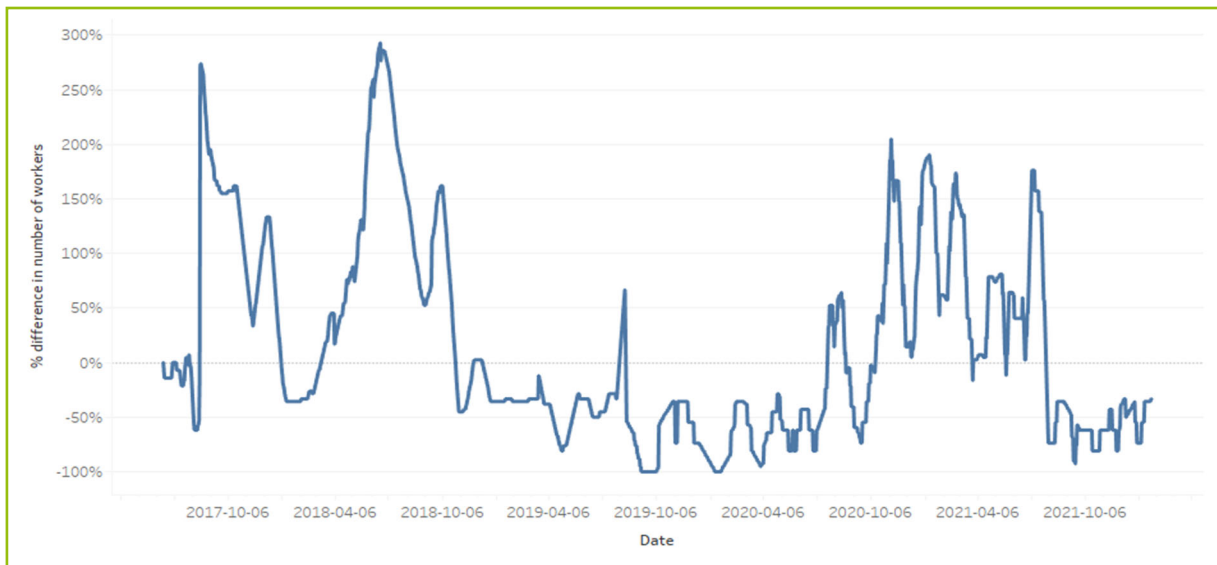
³⁶ Anđelković, B., Jakobi, T., Ivanović, V., Kalinić, Z., Bogičević, M., Lundin, S. & Radonjić, Lj. (2020). *Gigmetar*. <http://gigmetar.publicpolicy.rs/en/region5-2/>

³⁷ Anđelković, B., Jakobi, T., Ivanović, V., Kalinić, Z., Bogičević, M., Lundin, S. & Radonjić, Lj. (2020). *Gigmetar*. <http://gigmetar.publicpolicy.rs/en/region5-2/>

³⁸ Kässi, O.; Hadley, C.; Lehdonvirta, V. (2019). Online Labour Index: Measuring the Online Gig Economy for Policy and Research. figshare. Dataset. Retrieved from: <https://ilabour.oii.ox.ac.uk/online-labour-index/>

³⁹ The four selected platforms for web-scraping were: Guru.com, Freelancer.com, Hubstaff Talent and People Per Hour.

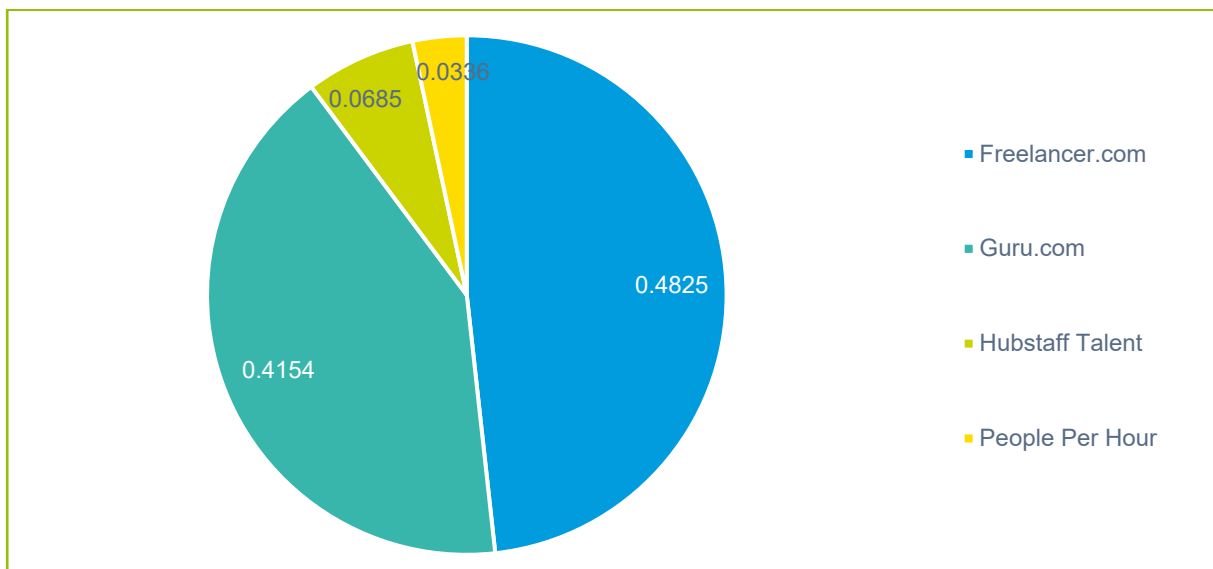
Figure 1. Change of engagement in online work among Montenegrin workers on digital remote labour platforms over time, relative to 2017



Note: The graph presents the percentage change between the number of active workers from Montenegro on a specific day compared to the number of active workers at the start of the data collection in 2017, which is used as a reference date. This graph was based on OLI data which calculated a weighted estimate of currently active workers by periodically sampling workers on the four largest online platforms once every 24 hours.

Based on the automatically collected data, there were 715 freelancers from Montenegro registered on the four analysed platforms, 15% of which (or 107 workers) were active (i.e., have completed at least one task through the platform). Considering the country’s total working-age population (15-64) in 2020, the share of registered platform workers stood at 0.17%, which ranks Montenegro third in the Western Balkans on this per capita measure. Freelancer.com was the most popular platform among registered freelancers, closely followed by Guru.com.

Figure 2. The number and share of registered platform workers from Montenegro on four selected platforms, by platform (November 2021)

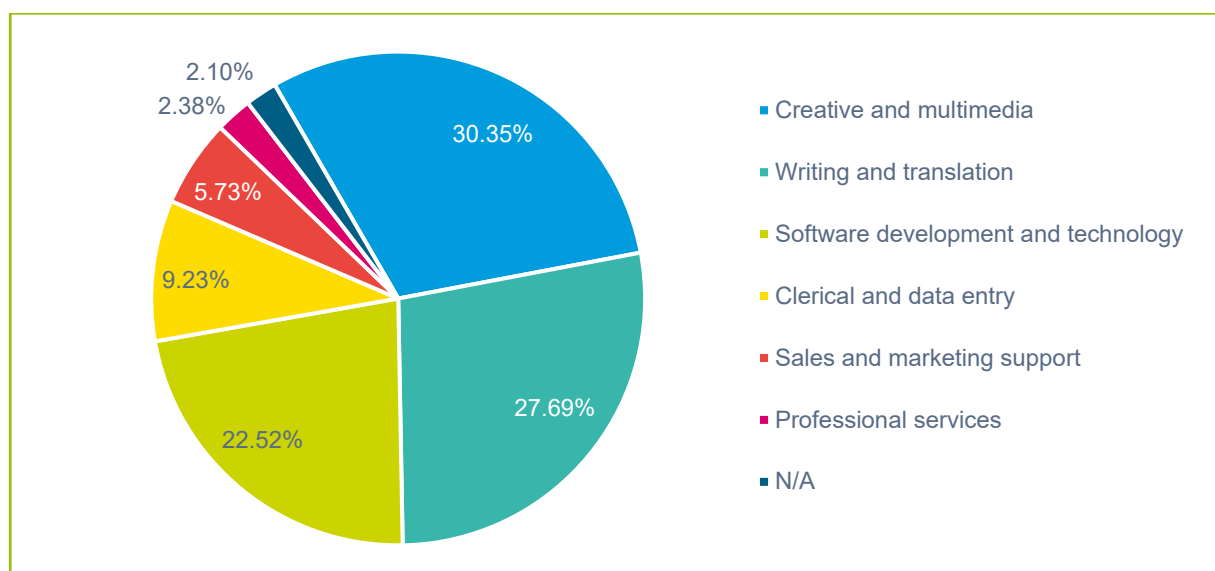


Nevertheless, alternative data sources show that the most popular remote working platform is the US-based Upwork,⁴⁰ which is used by designers, developers, translators, copywriters, and other professionals to provide their services and find opportunities for jobs in the global online market. In early 2022, there were about 2,700 reviews for individuals from Montenegro registered on Upwork^{41,42} This indicates higher levels of activity on Upwork compared to other investigated platforms, for example, the total sum of reviews of Montenegrin freelancers on Freelancer, Guru and People Per Hour combined was only 863 in late 2021.

The automatically collected data from four selected platforms showed that there were clear preferences for certain occupations among Montenegrin online workers (see the figure below for occupational distribution). Creative and multimedia work was indicated as the main occupation by the largest share of workers – 30.4%. This was closely followed by writing and translation, represented by 27.7% of registered workers. The third most popular occupation was software development and technology work as 22.5% of registered workers were engaged in this type of work. The same top three occupations were identified by Gigmetar in early 2021.⁴³

The automatically collected data also shows that the services provided by Montenegrin freelancers differed significantly by platform. Creative and multimedia was the most popular occupation on Guru.com, while on Hubstaff Talent it was software and development work, and on Freelancer.com and People Per Hour (PPH) the leading occupation was writing and translation.

Figure 3. Occupations of all registered platform workers from Montenegro on Freelancer.com, Guru.com, Hubstaff Talents and People Per Hour platforms (November 2021)



What concerns gender equality in platform work, the automatically collected data showed that male workers were around 1.5 times more likely to register on the selected platforms. The share of male freelancers out of all registered workers was 57.3%, while females represented 39.4% of workers. There were significant gender differences across occupations. Women were more likely to provide writing and translation services and clerical and data services. Meanwhile, male service providers dominated the remaining four occupations and engaged significantly more in software and development work than female workers (see the figure below).

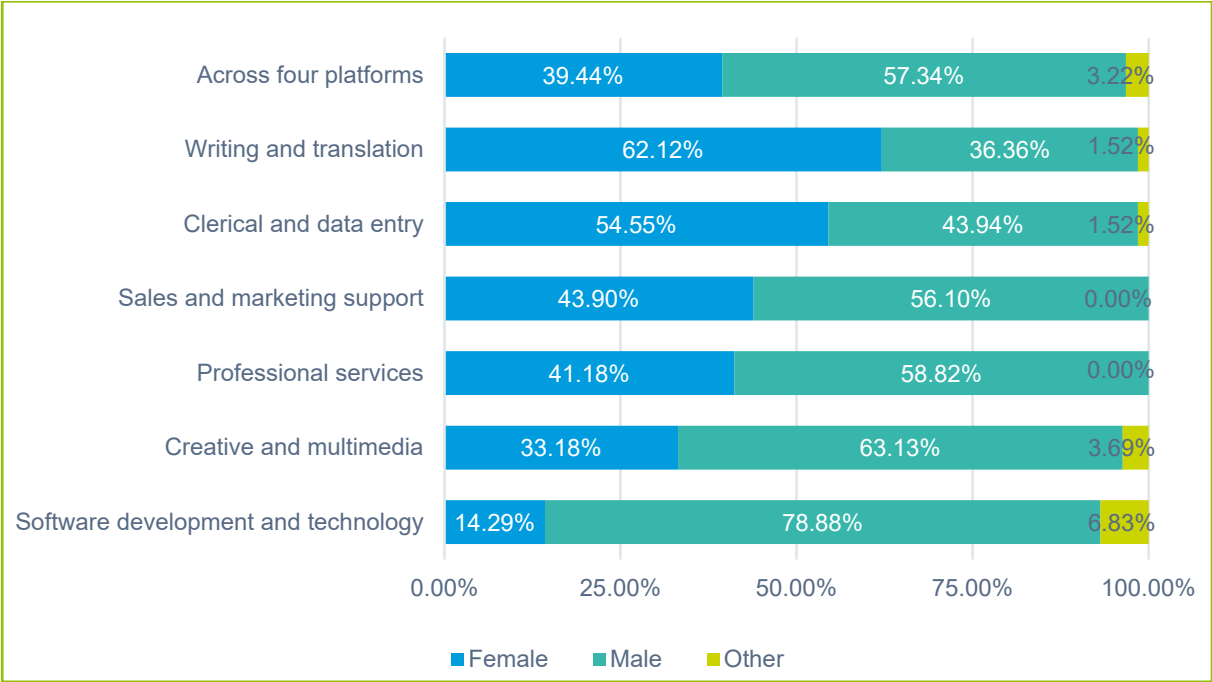
⁴⁰ Anđelković, B., Jakobi, T., Ivanović, V., Kalinić, Z., Bogićević, M., Lundin, S. & Radonjić, Lj. (2020). *Gigmetar*. <http://gigmetar.publicpolicy.rs/en/region5-2/> The analysis covered three platforms: Upwork, Guru and Freelancer.

⁴¹ This is the only available metric, as the platform does not provide a number of registered workers, and implement measures to block automated data collection attempts.

⁴² See more: <https://www.upwork.com/hire/me/>

⁴³ Anđelković, B., Jakobi, T., Ivanović, V., Kalinić, Z., Bogićević, M., Lundin, S. & Radonjić, Lj. (2020). *Gigmetar*. <http://gigmetar.publicpolicy.rs/en/region5-2/>

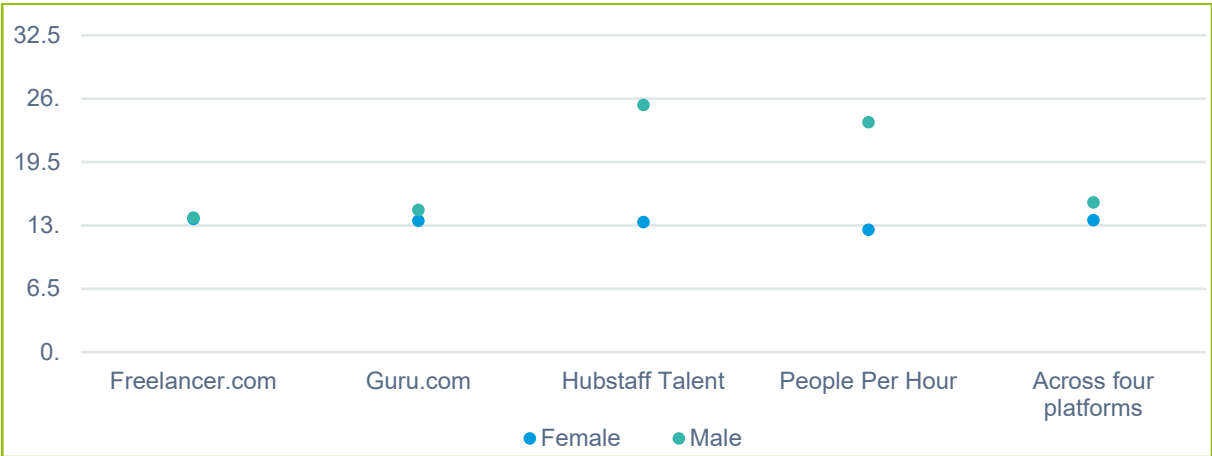
Figure 4. Gender of registered Montenegrin platform workers, by occupation (November 2021)



Note: "Other" category shows worker profiles for which gender could not be identified.

The average hourly rate requested by Montenegrin freelancers was USD 15 on the four analysed platforms. Men tended to demand higher rates than their female counterparts - USD 15.4 compared to USD 13.6. Interestingly, male workers on Hubstaff Talent and PPH demanded, on average, around USD 10 more than female workers on the same platforms. Meanwhile, the gender pay gap on Freelancer.com and Guru.com was less significant, as the difference between the requested hourly rates of men and women was between USD 0.5 and USD 1 (see the figure below). Indeed, the average hourly rates differ by platform. Using a slightly different set of platforms, Gigmeter revealed in early 2021 that the average rates for Montenegrin men and women were USD 21.3 and USD 18, respectively, with the total average of USD 19.9.⁴⁴

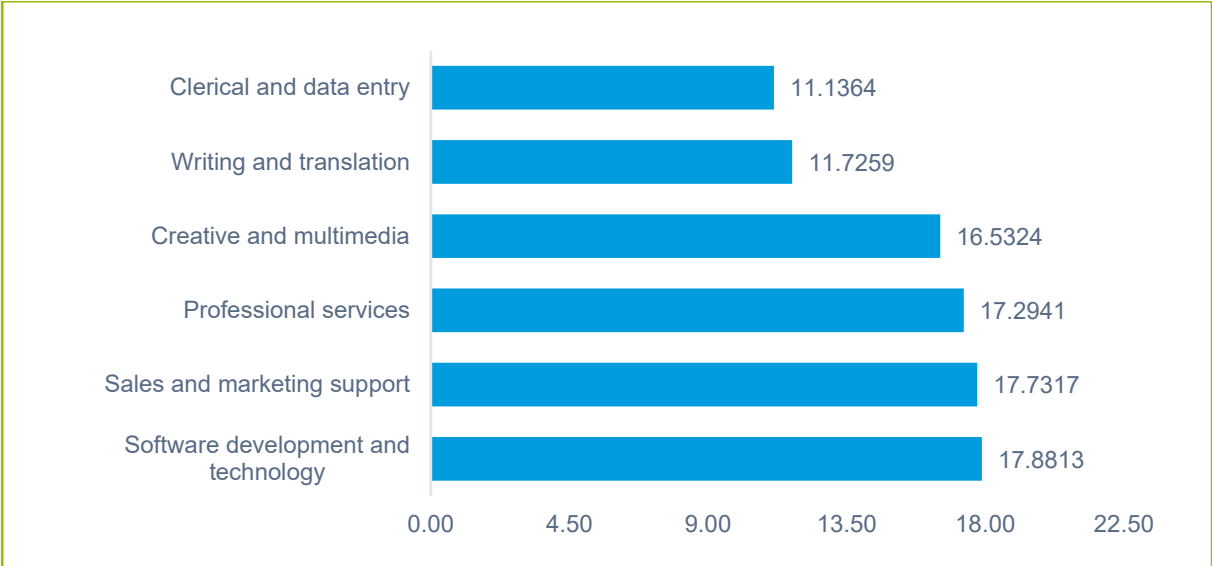
Figure 5. Average hourly rate in USD demanded by Montenegrin platform workers, by platform and gender (November 2021)



⁴⁴ Anđelković, B., Jakobi, T., Ivanović, V., Kalinić, Z., Bogičević, M., Lundin, S. & Radonjić, Lj. (2020). *Gigmeter*. <http://gigmeter.publicpolicy.rs/en/region5-2/>

Differences were also observed in the hourly rates demanded across occupations. Online workers engaged in creative and multimedia work, professional services, sales and marketing support, and software development and technology demanded between USD 16.5 and USD 18 per hour. By comparison, freelancers engaged in clerical and data entry tasks, and writing and translation demanded, on average, a significantly lower hourly rate of between USD 11.1 and USD 11.7, respectively. Software development and technology seemed to be the highest-paid occupation among all registered Montenegrin freelancers.

Figure 6. Average hourly rate in USD demanded by Montenegrin platform workers, by occupation (November 2021)



It is important to note that the requested hourly rates might not show the actual earnings of the people working through remote labour platforms. No relevant administrative, tax or survey data existed at the time of drafting this report. However, interviews with workers on Upwork indicated that additional income at levels that are higher than in the domestic labour market is one of the main motivations to engage in platform work. Based on the data gathered from individuals who were hired via Upwork, the usual salary in Montenegro for these jobs (designers, developers, etc.) was around EUR 800-1,200 per month if hired by local employers, while on international platforms the same amount can be earned in less than two weeks.

Training and upskilling opportunities are the sole responsibility of the workers. However, some digital labour platforms highlight skills and qualifications which are in high demand, such as programming (43%), web design (31%), and social media marketing (25%).⁴⁵ Some platforms advertise and promote courses, which could be helpful to perform jobs in demand.

Those who work through remote online platforms sign specific contracts that are not necessarily in line with the Montenegrin Labour Code. They receive gross earnings and are obliged to pay taxes themselves. In interviews with freelancers who found jobs through Upwork, many expressed confusions about how this tax should be paid. The Law on Personal Income Tax prescribes that this tax be paid within 30 days of the payment of funds to the foreign currency account, while the usual procedure is to pay the cumulative payroll tax from the previous calendar year.

One of the key limitations of working through digital platforms is the inability to receive income using alternative methods. Services such as PayPal and Stripe, preferred by many foreign clients, do not work in Montenegro to enable money transfers. Therefore, the only way employees can receive

⁴⁵ See more: <https://investors.upwork.com/news-releases/news-release-details/upwork-unveils-top-10-most-demand-skills-technology-marketing>

money from abroad is to open a foreign currency bank account. Although this issue has been raised to public sector institutions, it has not been solved as of early 2022.

On-location platform work

On-location platform work in Montenegro is neither prominent nor visible. The only platforms that were possible to identify were the Spanish food delivery platform Glovo and several local taxi service platforms, such as Yes Taxi and Smart Taxi.

Glovo launched an intensive communication campaign when it started operating in the Montenegrin market to attract consumers. However, no articles or television reports have ever been published on the topic of hiring on-location platform workers. For example, if one searches the media archives between February 2021, when Glovo entered the market, and February 2022, they will only find promotional and PR texts, and no mention of how to work or hire a large number of people as delivery personnel. Generally, delivery workers are recruited to Glovo via their website, which includes a hiring section. However, career or skills development opportunities are not advertised.

Estimating the scope of engagement in on-location platform work is rather difficult, as the data is not published. Due to varying business models that differ from freelance marketplaces, on-location platforms do not display worker profiles online, which makes it impossible to gather data for research purposes. The only available information is on company employees (e.g., Glovo has 16 full-time employees⁴⁶). However, this refers to the number of employees in the administration and office workers, but not to the people who are working as couriers through the platform. The on-location platform workers sign an interim service agreement in accordance with the Law of Obligations. In that sense, platform workers do not have any labour rights, because they are not hired in accordance with the Labour Code.⁴⁷

The representative of Glovo did not reveal any information on the earnings of people working through this platform. However, other interviewees mentioned that the pay they receive from Glovo does not provide an attractive earning opportunity. Instead, the main motivation for many to start working on this platform is the lack of other job possibilities. Besides the high unemployment rate in Montenegro, employment is relatively short-lived and frequent intra-sectoral migrations are visible across various professions. This became especially notable in the context of the Covid-19 pandemic. Its severe impact on the tourism and service sectors compelled many people to look for any job available.

In relation to the demographic profiles of people working through on-location platforms, the interview data shows that they are mostly male⁴⁸, aged 25-40, and native to Montenegro. Most of these workers have secondary education, but there are also many with tertiary education who chose this path because they could not find better job opportunities. This leads to underutilisation of skills in the economy, as well as disappointment among the highly educated workers.

⁴⁶ Interview with Glovo country director for Montenegro, date 2022-01-21.

⁴⁷ Interview with Montenegrin expert in ILO Vesna Simovic-Zvicer, date 2022-01-25.

⁴⁸ Interview with an on-location platform worker, date 2021-12-17.

CURRENT REGULATION, POLICIES AND STRATEGIC APPROACHES

Montenegro has two legal systems that regulate the area of work - the Labour Code (in force since 2019) and the Law of Obligations (amended in 2017). Neither legislation addresses platform work specifically. The Montenegrin Labour Code regulates labour relations with employees in the public and private sectors and the Law of Obligations regulates all other forms of engagement. Accordingly, employment can be recognised in one of two ways, either by concluding employment contracts under the Labour Code or by concluding temporary service agreements in accordance with the Law of Obligations.

The Employment Agency of Montenegro keeps track of official statistics on employment relationships under the employment contract. A person is considered to be employed or self-employed only when the Labour Code provisions apply. To be self-employed means that the worker performs also as own employer (the same provisions of the Law apply regardless of whom the official employer is). Meanwhile, the service contract is signed on the basis of the Law of Obligations, therefore, these workers are not registered as employees in the records of the Employment Bureau. At the same time, temporary service agreements are signed with the employer; therefore, these workers are not considered self-employed. There is no aggregate record of how many people work in the public and private sectors under temporary service agreements. Moreover, the earnings of people with temporary service agreements are often underreported, informal, and irregular. Such employees also cannot exercise any type of labour rights provided by the Labour Code (e.g., paid leave).⁴⁹ This makes it difficult for these workers to, for example, apply for housing loans, which ultimately affects their quality of life.

Table 1. Regulation on employment contracts in Montenegro

Official labour market status of a person	Does it fall under the Labour Code or Civil Law?	What type of contracts can they conclude?	Are the social security/ healthcare contributions obligatory?	Is it a common status among platform workers?
Employed	Labour Code	Full-time and part-time employment contracts	Yes, paid by employer	No
Self-employed	Labour Code	Full-time and part-time contracts	Yes, paid by the self-employed	No
Other (incl. unemployed)	Law of Obligations	Service contracts	No	Yes

Despite the numerous issues stemming from this regulatory framework faced by people working in new and **atypical forms of employment**, the topic has received much attention in the country. There is also little knowledge and awareness of these topics among policymakers, as documented within this research.⁵⁰ Meanwhile, traditional trade unions that operate in Montenegro are committed to resolving issues related to their statutory members and workers in atypical employment or platform work are not among trade unions' members.

Therefore, there is huge scope for irregularities in the unregulated area of platform work. The first issue emerging from this concerns the protection of worker rights. As of early 2022, these workers are not hired under employment contracts and are not protected under the Labour Code. Secondly, as

⁴⁹ Interview with Montenegrin expert in ILO Vesna Simovic-Zvicer, date 2022-01-25.

⁵⁰ Available at: <http://www.standard.co.me/politika/video-bojovic-izjednacio-analiticare-i-profesore-sa-starletama-i-danserima/>

one interviewee put it, 'platforms have a lot of leeway to selectively apply laws that suit them better, at the expense of worker protection'.⁵¹ Thirdly, the lack of regulation has resulted in a lot of undeclared or under-declared work in the platform economy. Taking a broad definition of the word, freelancers belong to the category of individuals who earn income from self-employment and the Law on Personal Income Tax applies to them. However, the trade unions interviewed claimed that the law does not fully recognise them as self-employed.⁵²

Attention has been drawn to the fact that some Montenegrins who are self-employed and perform freelance jobs (e.g., photography and translation) are registered as unemployed and do not have a formal self-employment status. Thus, they are not paying health insurance and pension contributions.⁵³ In September 2020, the government of Montenegro recognized freelancers in the field of innovation working for foreign and local companies.⁵⁴ However, people who search for work on their own (online or not) are still disregarded by the regulatory framework in Montenegro.

These issues should be viewed in the broader policy context where similar trends of inadequate action can be observed. For example, although Montenegro has a very high **youth unemployment** rate, little progress has been made on this issue so far.⁵⁵ Young people are even less and less interested in participating in official government programs, primarily due to the low salaries.⁵⁶

Some of the policies aiming to address this situation have not succeeded. For example, in 2012, the Government of Montenegro launched a "Vocational Training Programme" intended for higher education students. The objective was to allow recent graduates to pursue an occupation that matches their formal skills. The government-funded programme left it up to employers to advertise jobs and provide training for young people. However, it began to contradict its original objectives and lost popularity over the years. Each year more positions opened up and fewer young people apply for them. When this programme was launched in 2012, 4,211 young graduates of bachelor's and master's degrees applied for some of the 5,317 jobs offered. In 2012, 12,650 job advertisements were published, to which only 2,874 young people applied. Two key reasons for this are the fact that these jobs are temporary (the programme lasts from January to September), and that the salary was EUR 260 (by comparison, the average salary in the country is EUR 534, according to the Employment Agency of Montenegro of Montenegro). The programme is increasingly seen as helping employers to find free (as the jobs are financed by the state) and educated workers with no obligations to extend employment after the expiration of the subsidised contract.

A few relevant developments regarding digitalisation and digital skills should be mentioned. More broadly, the Government Plan 2021 sees the digital transformation of society as one of the six priorities; including the need to develop digital services, infrastructure and skills.⁵⁷ Moreover, the Montenegro Economic Reform Programme 2020-2022 contains measures related to the digital economy, education and skills, however, it does not focus on digital skills directly. Some policies address the digital development of SMEs.⁵⁸ **Digital skills** as such are a part of the Strategy for Development of Vocational Education in Montenegro 2020-2024. According to the document, digital skills must be better integrated into **VET** programmes in order to address the skills gap.⁵⁹

⁵¹ Interview with Montenegrin expert in ILO Vesna Simovic-Zvicer, date 2022-01-25.

⁵² Kovačević, N. (2021). Freelancers are seen as entrepreneurs. Pobjeda.

⁵³ Dragpjo et al. (2021). 'Invisible' Balkan Freelancers Fight for Fair Taxation in a Digital Age. Balkan Insight. Available [here](#).

⁵⁴ Dragpjo et al. (2021). 'Invisible' Balkan Freelancers Fight for Fair Taxation in a Digital Age. Balkan Insight. Available [here](#).

⁵⁵ Available at: <https://www.cdm.me/drustvo/najstariji-pripravnik-58-godina-najvise-trazena-ekonomija/>

⁵⁶ Available at: <https://www.cdm.me/ekonomija/ove-godine-bez-benefita-evrope-sad-korisnici-programa-strucnog-osposobljavanja-primaju-naknade-a-ne-zarade/>

⁵⁷ ITU (2021). Montenegro aligns digital development with international goals. Available [here](#).

⁵⁸ RCC (2021). Digital skills needs and gaps in the Western Balkans - scope and objectives for a fully-fledged assessment, p. 37-38.

⁵⁹ RCC (2021). Digital skills needs and gaps in the Western Balkans - scope and objectives for a fully-fledged assessment, p. 37.

Overall, strategic approaches related to the digitalisation of work, changing labour demands, and new business models are still at an early stage in Montenegro. Despite these issues being discussed from time to time at conferences, summits, and round tables specific actions are still insufficient. This holds also true for career guidance policies and services, that are not yet fit for purpose, fragmented and underdeveloped. Lessons could be drawn from a good progress was made recently related to services for students in formal education, a recent ETF review showed.⁶⁰

⁶⁰ ETF (2022). National Career Development Support System Review. Montenegro Report
<https://www.etf.europa.eu/en/document-attachments/career-development-support-system-review-montenegro>

POLICY IMPLICATIONS

As of early 2022, the greatest challenge related to new forms of employment, including platform work, in Montenegro was the lack of strategic and policy approaches to address the threats and weaknesses of these phenomena. Several broad policy implications emerge from these findings:

- In general, the emergence of new forms of work, including platform work, should be acknowledged by policymakers. This should be accompanied by further collection of evidence on how these new forms of work operate in Montenegro, as well as the challenges and opportunities they may bring.
- Notably, greater protection of workers should be ensured, both within the new forms of employment, as well as more broadly in the Montenegrin labour market. As of early 2022, these forms of employment are not specifically regulated, leaving some room for diverse interpretations. Employers tend to apply the legislative framework “flexibly” to suit their interests, which often does not guarantee workers’ protection.
- More specifically, recognition of the legal status of people working through platforms or freelancing outside of them is needed. In relation to this, people in atypical forms of employment should be guaranteed basic employment rights, such as a salary, the right to rest and protection at work, as well as access to basic social protection, including healthcare and other benefits. Clarifying tax obligations would further support the regulation of new forms of flexible employment.
- At the same time, to make use of the opportunities provided by new forms of employment, more attention should be paid to skills development and recognition. On-the-job learning through online freelancing can help workers develop the relevant skills needed in the Montenegrin labour market. Relevant framework is therefore needed to enable applying those skills in the local labour markets (including working conditions and recognition of skills).
- Many of the interviewees also noted that digital literacy must increase in Montenegro. To support digitalisation efforts more inclusion and monitoring are needed. Some first steps would include developing dialogue, taking into account youth initiatives, increasing e-participation through finalising existing e-services, and adapting and making e-services accessible to all ages, languages, and people with disabilities.⁶¹
- In order to foster opportunities for employment in some of the occupations where jobs are available through platforms, employment support, as well as advisory and guidance services could help to place more people in these jobs. Further support to manage effectively the career, while profiting from the opportunities brought by new forms of work would also be needed. To this end, more investment is needed in innovating career guidance services, starting with integrating career education in formal education aimed at developing career management skills that lays the basis for managing life and career in the context of changing labour markets. It is essential to widen access to services, especially to more vulnerable groups.

⁶¹ 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.

SOURCES

List of interviews

Organisation	Title	Date of the interview
ILO	Country expert	2022-01-25
Employment Agency of Montenegro	Advisor	2021-12-16
Chamber of Economy of Montenegro	Advisor	2021-12-17
Glovo	Country director	2022-01-21
Glovo	Platform worker	2021-12-17
Upwork	Platform worker	2021-12-20
Independent Association of Electronic Development Professionals	Director	2022-01-18
ICEDA	Project coordinator	12-12-2021
Statistical Office of Montenegro	Advisor	2021-12-14

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