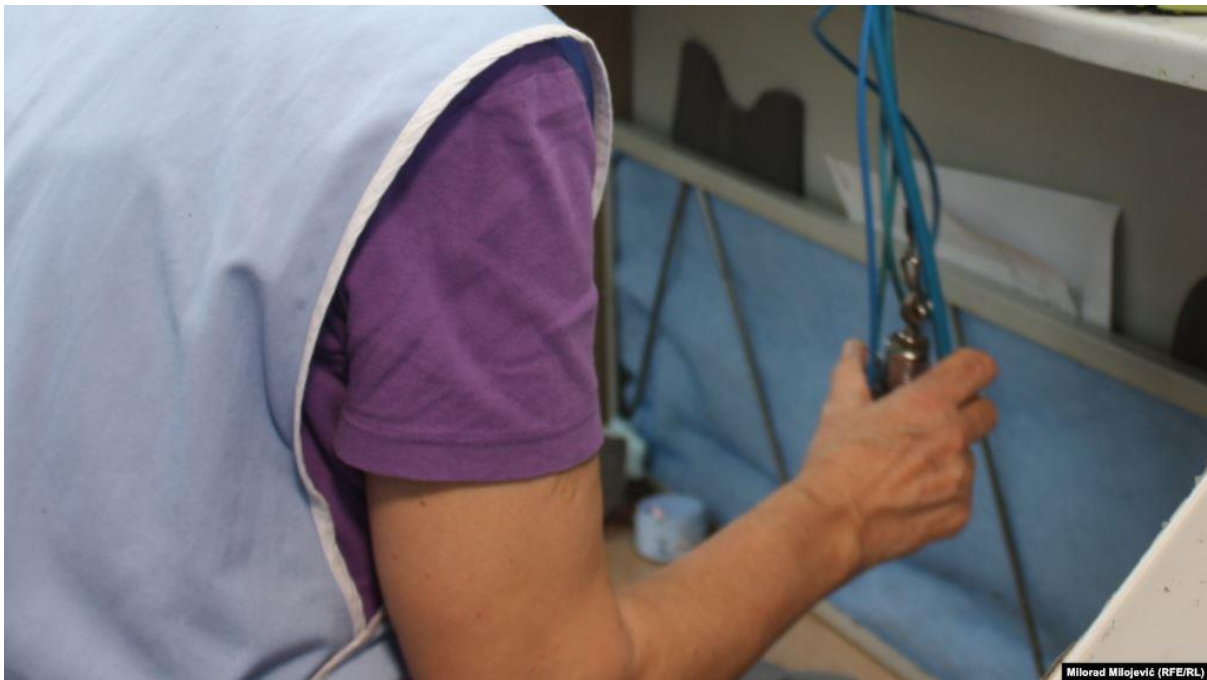


My experience working informally: Take it or leave it, there are always other workers



There are many of those who accept informal employment to, at least, earn anything

A woman from Travnik (name known to the editorial office) testified to Radio Free Europe (RFE) to what it is like to work informally in Bosnia and Herzegovina. She worked informally for couple of years, with no employment contract, paid pension or health contributions and with no rights.

“You feel miserable, of course. I was a young mom at the time. I wanted to ensure some kind of livelihood for my child. It was the time when (employers) lived by the principle ‘take it or leave it, there is always someone else, in worse situation, who has to agree to these conditions’. The principle is still applicable, though the situation is a bit better now,” she says.

She had this experience ten years ago in a private company in Travnik in a business centre. Initially, due to the situation she was in, she agreed to work with no insurance or formal registration.

“Because I lost my job before that and had a baby in the meantime, I was forced to agree to such conditions. The wage was also quite low. But, I hoped things would get better, the insurance would come along and the wage would increase. Unfortunately, it turned out I was mistaken. So, for 3 years I worked without being registered and for the same wage. My wage never increased, not even for 50 convertible marks. Then, after some time, when I saw it was hopeless, I started requesting to be registered. This never happened,” says this worker whose name is known to the RFE editorial office.

There were no paid days off, annual leave was 7 days at best and this usually if coinciding with official holidays.

“When I finally had enough, when I really could not take it anymore, when I realised I was led by the nose for months, I quit. Then they offered to provide me with the relevant insurance, which, of course, I declined! After that I got a new job where I was registered from day one, this was the main condition, and so I never had to work without insurance again,” she says.

Thousands of undeclared

However, there are many of those who consent to working informally in order to have any kind of income, which was demonstrated by intensified inspections carried out by Inspection Directorate of the Federation of Bosnia and Herzegovina.

“In the first nine months of this year, cantonal inspectors and FBiH Inspection Directorate recorded 5,005 new undeclared workers,” Elmir Ramić, Market Inspector General at the level of BiH Federation, told Radio Free Europe.

- (1) A fine ranging from KM 500.00 to KM 2,000.00 for a misdemeanour shall be imposed on an employer – legal person, for every employee with whom he fails to conclude labour contract and fails to register the employee to the mandatory insurance, and a fine ranging from KM 5,000.00 to KM 10,000.00 in case of repeated offense (Article 4).
- (2) For a misdemeanour referred to in paragraph 1 of this Article, a fine shall be imposed on an employer – natural person ranging from KM 200.00 to KM 1,000.00, and a fine ranging from KM 1,500.00 to KM 3,000.00 in case of repeated offense.
- (3) For a misdemeanour referred to in paragraph 1 of this Article, a fine ranging from KM 500.00 to KM 2,000.00 shall also be imposed on a responsible person with the employer – a legal person, and a fine ranging from KM 3,000.00 to KM 5,000.00 in case of repeated offense.
- (4) For a misdemeanour referred to in paragraph 1 of this Article, a fine shall also be imposed on a person found working without a labour contract ranging from KM 100.00

to KM 300.00.

Labour Law of the Federation of Bosnia and Herzegovina

“There are various fines prescribed. For example, for workers the fine is KM 200 (around EUR 100) and the worker is prohibited from working. For legal entities the fines are bigger,” explains Ramić.

According to the Labour Law of the Federation of Bosnia and Herzegovina, for every worker with whom the employer has not concluded an employment contract and did not register for mandatory insurance, the employer must pay a fine ranging from minimum KM 500 (EUR 250) up to maximum KM 2,000 (EUR 1,000).

Labour Law in Republika Srpska provides for somewhat more stringent fines under which the employer with whom the inspection finds undeclared workers is to pay between KM 5,000 (EUR 2,500) and KM 20,000 (EUR 10,000).

In practice – no penalisation

However, the woman from Travnik, former worker in undeclared sector, testifies to how an inspection visit to private companies looks like in some cases.

“One time inspectors came and asked me if this was the so-and-so company, and I said yes. At that time they ‘caught’ many undeclared workers. There were many employees there. Those declared corresponded to the mandatory legal requirement; a manager, for example. They [inspectors] would come, take your name, ID number. The moment they would sit down with the Director in his office these names would be deleted, of course. Was there money involved, were they bribed, I do not know. Generally, no workers were registered afterwards nor any fines imposed. It was simply a well-established team of those inspectors and those companies,” she says.

She also added that “it is well known which companies operate in this way”.

“You come to a facility which has 15 workers and everybody runs away and then you do not even ask yourself why everyone is running away and why only one or two come back – this is just absurd. It is obvious that people are running away from inspectors,” she adds.

Millions lost to the budgets

Shadow economy continues to be a major problem for Bosnia and Herzegovina, as shown by the Regional Cooperation Council’s survey. According to its estimates, the share of shadow economy in GDP of Bosnia and Herzegovina is between 25% and 35%.

According to the estimates, due to this BiH loses between 50 and 60 million euros of government revenues, as Nand Shani of Regional Cooperation Council (RCC) said in his October interview to Radio Free Europe.

“Majority of those working informally are found in the sectors of construction, agriculture, services, and different crafts. Some recent researches in Bosnia and Herzegovina show that these are mostly young, less educated people, who come from rural areas and families that are economically in more difficult conditions,” said Shani.

Trade Unions blame employers

Ranka Mišić, President of the Confederation of Trade Unions of Republika Srpska, blames exclusively employers for the issue of shadow economy and undeclared work.

“There are some people in the business community trying to blame the workers, and workers do not have many options – it is either to work and struggle to put a crust on the table and find a way to feed your family or wait for justice which is nowhere to be found. When I say that there is no justice I refer to legal employment involving respect for the fundamental rights of workers,” Ranka Mišić told RFE.

She says that Trade Union carried out a number of actions which successfully reduced the number of undeclared workers, who were subsequently properly registered.

“It is a painstaking and difficult task. The disruptive factor is the workers’ fear that they will not be protected by the institutions in case of reporting [undeclared work] and that they will become workers who cannot find a job anywhere because they ‘stood up against’ the employer which exploited them very harshly,” believes Mišić.

The Trade Union expects that the new law on inspections in Republika Srpska will put an end to undeclared work.

Mersiha Beširović, President of the Trade Union of Workers in Commerce and Services of BiH, points to another issue. Namely, employers pay portion of salaries through a bank account in accordance with the Law while the remaining portion is paid in cash. This definitely constitutes undeclared work, she tells RFE. Beširović points to yet another system shortcoming with workers being the ones ultimately paying the price for it.

“When it comes to undeclared work, a large problem is a fixed-term contract, though in some formal terms this is not undeclared work. Many workers in trade and services sector have been working under a fixed-term contract for years and very often they do not protest against this until the moment the contract expires and employer opts not to renew it,” says Beširović.

In this case, she says, workers sometimes address the Trade Union, regardless of not being its members, asking for advice regarding the termination of employment they were handed in.

“However, the Law does not recognise this as a termination of an employment contract given that only their contract was not renewed. These workers often do not have the right to unemployment allowance or to health insurance given that they accepted the fixed-term contract the termination of which means termination of health insurance as well,” explains Beširović.

And what do employers say?

Association of Employers of Federation of Bosnia and Herzegovina condemn those private sector entities which allow for informal work and use it to make financial gain.

“Always and in every society there are those who try to benefit outside the law, and in this particular case those are the employers which try to make some gain by employing people illegally,” Safudin Čengić of BiH Association of Employers told RFE.

“However,” stresses Čengić “in majority of cases, if not in 98%, these are small-scale employers that live day-to-day and have also been facing huge problems lately in finding labour force.”

“There is a large number of employers complaining to often register workers only to see them leave after three days. In our opinion, the only way out is to reduce contributions and taxes, thus eliminating the reason why employers, which objectively live from hand to mouth, barely surviving in the market, do not register their workers,” says Čengić.

For over a year the Association of Employers of Federation of Bosnia and Herzegovina has been requesting amendments to a number of laws which would reduce taxes and contributions and thus significantly increase worker’s wages. They advocate for this change as they face shortage of labour which are flocking to developed countries in the world seeking better life.