
POSTING OF WORKERS IN THE CONSTRUCTION INDUSTRY: AN OVERVIEW OF ALBANIA COUNTRY PRACTICES

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Abstract: This paper is part of a research on posting in the construction industry in Albania and starts from the collaboration between the Polis University and Fondazione Giacomo Brodolini for YES Project (Youth Employment Skill Set on Posting). The intensification of the European integration process increases the pressure and responsibility of Albania to ensure a more efficient labour market. With the status of candidate country, currently Albania benefits in addition to component I - Transition Assistance and Institution Building and Component II - Cross-border Cooperation, also from component IV IPA - Human Resources Development, a transitional assistance for fund management of the European Social Fund in the future. This component is designed to help Albania meet more easily the future global challenges of employment and social cohesion, further boosting the country's development.

Although there isn't a government website in Albania that focuses on informal work, several job promotion initiatives were launched in 1999 to encourage both training and employment. As part of those efforts, firms were given financial incentives to recruit unemployed people for a set length of time, and vulnerable groups like marginalized women were the focus of particular employment programs. Additionally, in 2004 referring the informal employment situation and its action plan, Albania fixed personal income tax at 10% in an effort to decrease the work informality.

Construction in Albania has brought attention to the problem of inadequate enforcement of labor laws and practices. The public sector still struggles with corruption, which significantly hinders the efficient execution of legislation pertaining to informal employment. Employer payroll taxes are not correlated with employee payroll lists, making it difficult to identify tax fraud by employers through nonpayment of contributions and having a negative impact on employees' future pensions.

Keywords: integration process, construction industry, labour market, posting of workers

1. INTRODUCTION

In the framework of EU, based on several reports, the estimated number of posted workers is 1.49 million, which is considered a quite small amount. Nevertheless, the construction industry in 2015 has a disproportionately high proportion. In the European Union, the ratio of the posted workers referring the construction sector is at least four people out of ten. The inflow and outflow of construction workers across Member States as a result of postings is unquestionably impressive. Therefore, it is important to understand why the idea of posting became so common in the construction industry compared to other industries. In addition to this, there is a trend of construction companies to attract workers from low income countries in order to minimize their labour expenses. This could lead to social dumping, a race to the bottom, and competition over labor costs.

It is legal for Citizens of one EU country may work in another EU country, under the same social and employment standards as other workers. Albania has reached a certain stage of readiness for labour mobility. Albania should keep negotiating and putting into effect additional bilateral social security agreements in the upcoming years, particularly with EU Member States.

Albania has established an integrated database for its employment services in preparing for membership in the European Network of Employment Services (EURES). This will make it easier for IT departments to share data on civil status, taxation, and the system for providing government-mandated health insurance, and the system for providing financial aid. Upon accession, a new service system will be created to allow connecting to EURES. Tasks pertaining to EURES participation will fall under the purview of the newly established National Agency for Employment and Skills' Unit for Migration Services and Labor Relations. Plans for the new employment services system call for the addition of competencies aligned with the national list of occupations (ESKO).

Albania is putting into practice the occupational, safety, and health policy document and action plan for the years 2016 to 2020. With the approval of the majority of the laws implementing the EU Framework Directive on health and safety at work, Albania made progress in its legal system. However, due to low resources, both financial and human, the application and enforcement of health and safety at work laws are constrained. This continues to be a

significant problem in the mining and shoe/textile industries. While there were less reported workplace accidents in 2019 (from 195 in 2018 to 176), there were more workplace fatalities (from 27 to 38) during the same year.

2. GENERAL OVERVIEW OF POSTING WITHIN CONSTRUCTION SECTOR IN THE EU

As was already mentioned, the EU construction industry heavily depends on temporary labor migration under terms of posting. What are the causes of posting's widespread use in this sector of industry? In the literature can be distinguish two basic posting models: the model which emphasizes the skills and the model driven by labor costs. The skills-driven model addresses transient worker movements in high value chains that are caused by skill shortages in other places. The labour cost driven model, however, maintains that posting of workers is caused by differences in labor prices this including also the construction industry. This situation is referred to the Member States within the European countries.

There are quite latter situation referring to a large migration flows of construction workers from 13 European Member States, where labor costs are relatively low, to 15 European Member States, where labor costs are relatively high. Because of its relatively high labor intensity, the construction industry is exceptional in its field; according to Cremers, "approximately 50% of the turnover is achieved by the labor of workers." Unskilled labor and physical labor are hallmarks of jobs in the construction sector, making them unattractive to domestic workers and perhaps contributing to a labor shortage. Additionally, given that (big) construction projects are temporary in nature, a sizable workforce is needed for a brief period of time. Once the work is finished, construction workers tend to move on to a different and new site to provide work.

3. POSTING PRACTICES WITHIN THE CONSTRUCTION SECTOR IN ALBANIA

Even though the results of several studies indicate that companies and employees are becoming more aware of the need to pay taxes, awareness is still relatively low, with just 46% of those surveyed preferring to make a complete declaration of their income. In 2009, Albania implemented significant changes to its Labor Inspection system. The national Labor Inspectorate established an internal audit division to improve the efficiency of its operations and available resources. In order to expand the scope of labor inspection, the first of 24 planned local labor inspectorates opened.

However, Albania continues to lack the resources and personnel needed for labor inspection. At the regional level, it is particularly difficult to implement policies effectively and establish a conversation that works. The Albanian Construction Federation claims that in order to strengthen regional social discourse and build regional collaboration agreements, the Labour code needs to be reviewed. Albania has not yet established a labor court that might be used to resolve labor disputes and to defend and challenge labor laws and working conditions.

Through the action plan against informal employment, many demand-side initiatives were adopted in Albania in 2004. Official hiring incentives were established, small business taxes were cut in half, and employers' social security obligations were minimized. A reference wage system that took into account the appropriate worker's employment status and made wage payments through the banking system mandatory were both adopted to prevent envelope wages. Regulations governing business registration have been streamlined to encourage the formation of formal firms and the formalization of pre-existing ones.

It is now prohibited to participate in public procurement without first fully disclosing the number of employees you have and providing proof that you have paid your social security and personal income taxes. In order to streamline administrative processes for formal businesses, Albania is also aiming to integrate e-government, e-procurement, and e-business technology into its administrative system.

According to INSTAT (Institute of Statistics), the top paid professions in 2019 were executive directors, senior state administration officials, and legislators. Also highly compensated were implemented technicians and construction industry specialists. According to the European Center for Social Welfare Policy and Research's 2019 study, Albania is moving closer to aligning its domestic labor law with the *Acquis Communautaire*. The idea of posted workers was incorporated into the national labor legislation after it was modified in 2015. By-laws, which are still essential for the law's implementation in accordance with EU standards, have not yet been written, discussed with stakeholders, or accepted. On a national level, the institutional framework in charge of carrying out and overseeing worker postings is not yet consolidated, and the human resources do not yet have the necessary capabilities to carry out posting regulations in accordance with the specifics of the Directive.

In terms of inflows, the majority of employees who have arrived in Albania are a result of the opening of company branches in various economic sectors or workers who brought their professional experience as part of significant public investments in the past 20 years, such as projects in construction, infrastructure, energy, etc. The information above relates to outflows of posted workers.

Figure 1: Number of companies and employees, by ownership.

Ownership	Sample		Frame			
	Enterprises	%	Enterprises	%	Employees	%
100% Albanian-owned	1,763	87.6	41,765	94.5	326,480	79.7
Joint venture	86	4.3	988	2.2	26,368	6.5
Foreign branch or foreign-owned company	164	8.1	1,421	3.3	56,622	13.8
Total	2,013	100.0	44,174	100.0	409,470	100.0

Source of information: Çabiri, Y., & Rama, L. (2017). Skills need analyses in Albania.

The above table shows that, out of all active businesses, joint ventures are the least prevalent in the Albanian economy (2.2%). The vast majority (94.5%) of businesses in the nation are wholly owned by Albanians, and the majority of workers (79.9%) are employed by these businesses. The remainder of the workforce is primarily found in foreign company branches (13.8%) as opposed to joint ventures with foreign ownership (6.5%).

Figure 2: Distribution of enterprises in the Frame, by ownership and by sector.

Economic sector	Ownership					
	% by column			% by row		
	100% Albanian owned	Foreign and joint	Total	100% Albanian owned	Foreign and joint	Total
B Mining and quarrying	0.6	1.0	0.6	91.4	8.6	100.0
C Manufacturing	12.9	20.3	13.3	91.7	8.3	100.0
D Electricity, gas, steam	0.3	7.1	0.7	45.5	54.5	100.0
E Water supply, sewerage, waste	0.9	0.6	0.9	96.2	3.8	100.0
F Construction	3.9	1.5	3.8	97.8	2.2	100.0
G Wholesale and retail trade, repair	42.5	28.8	41.8	96.2	3.8	100.0
H Transportation and storage	3.8	0.6	3.7	99.1	0.9	100.0
I Accommodation and food service	19.8	11.1	19.3	96.9	3.1	100.0
J Information and communication	1.4	1.1	1.3	95.4	4.6	100.0
K Financial and insurance activities	1.6	10.0	2.0	72.9	27.1	100.0
L Real estate activities	0.6	0.8	0.7	93.3	6.7	100.0
M Professional, scientific and technical	4.1	3.0	4.0	95.9	4.1	100.0
N Administrative and support service	2.9	2.2	2.9	95.8	4.2	100.0
R Arts, entertainment and recreation	1.0	0.5	1.0	97.0	3.0	100.0
S Other service activities	3.6	11.3	4.1	84.8	15.2	100.0
Total	100.0	100.0	100.0	94.5	5.5	100.0

Source of information: Çabiri, Y., & Rama, L. (2017). Skills need analyses in Albania.

The majority of foreign and joint ventures operate in the wholesale and retail trade (28.8%) and manufacturing (20.3%), according to an analysis of the distribution of businesses by sector and ownership. The power and gas industry has a significant foreign presence (54.5%), and finance and insurance operations have a less significant foreign presence (27.1%), according to a comparison of Albanian-owned with foreign and joint firms by sector. Only 4.1 percent of Albanian businesses employ foreigners as workers. Foreign employees in the SNA 2017 Frame are estimated to number 3,786 people, 0.9 percent of the overall number of employees. These are overwhelmingly concentrated in the Central area.

Figure 3 Statistics on foreign employees in the Frame, by region.

Region	Enterprises employing foreign nationals		Number of foreign employees			
	Number	% in group	Mean (incl. 0)	Maximum	Total	% in group
North	142	2.4	0.0	29	235	0.6
Central	1,353	5.8	0.1	140	2,985	1.1
South-east	209	3.0	0.0	31	276	0.7
South-west	86	1.1	0.0	59	292	0.5
Total	1,790	4.1	0.1	140	3,786	0.9

Source of information: Çabiri, Y., & Rama, L. (2017). Skills need analyses in Albania.

The likelihood of hiring at least one foreign national depends on the size of the business. A minimum of one foreign employee works for 30.5 percent of the large businesses.

Figure 4 Statistics on foreign employees in the Frame, by group size.

Size	Enterprises employing foreign nationals		Number of foreign employees			
	Number	% in group	Mean (incl. 0)	Maximum	Total	% in group
Micro [1–4]	756	2.4	0.0	3	1,152	1.7
Small [5–19]	273	2.8	0.1	12	686	0.8
Medium [20–79]	538	23.7	0.4	20	842	1.0
Large [≥ 80]	222	30.5	1.5	140	1,106	0.6
Total	1,790	4.1	0.1	140	3,786	0.9

Source of information: Çabiri, Y., & Rama, L. (2017). Skills need analyses in Albania.

The majority of international and joint enterprises (56.2%) employ only Albanians in their management and operations, therefore they do not have any foreigners on their team.

Figure 5 Statistics on foreign employees in the Frame, by ownership.

Ownership	Enterprises employing foreign nationals		Number of foreign employees			
	Number	% in group	Mean (incl. 0)	Maximum	Total	% in group
100% Albanian-owned	735	1.8	0.0	29	1,482	0.5
Foreign and joint	1,055	43.8	1.0	140	2,304	2.8
State-owned	8	3.5	0.1	10	23	0.1
Privately owned	1,782	4.1	0.1	140	3,763	1.0
Total	1,790	4.1	1,790	4.1	1,790	4.1

Source of information: Çabiri, Y., & Rama, L. (2017). Skills need analyses in Albania.

Low-skilled migrant laborers from non-EU nations have been arriving in large numbers in EU member countries. Their governments strive to enter the high-skill services market and discover the most effective ways to utilize foreign talent. The issue of scant data availability made their objective more difficult to achieve.

On the other hand, member nations do offer administrative assistance and language instruction to immigrants, and they also consider the foreign students studying there as a chance to fill skilled labor shortages. The most significant difficulties included a protracted visa application process and trouble obtaining a foreign degree recognized.

Additionally, Albania has been a full member of the Bologna Process and the European Higher Education Area since 2003, and it has participated in the European Qualifications Framework since 2010. Additionally, it has ratified and signed the 2002-effective Convention on the Recognition of Qualifications Related to Higher Education in the European Region.

As we return to the discussion of the Posting of Workers, the reports of EEPOW Project are based on the review of the existing academic and grey literature on migration and labor mobility, the review of existing academic and grey literature on migration and labour mobility, the review of existing academic and grey literature on migration.

Although some sort of posting is already taking place, it was discovered that the Western Balkans nations have mostly focused their efforts on developing the legislative framework and procedures. It was suggested that the process of transposing and putting the Directive into practice is motivated by the EU integration process but limited by the fact that these countries are still candidates, which results in a lack of structures and implementation capabilities.

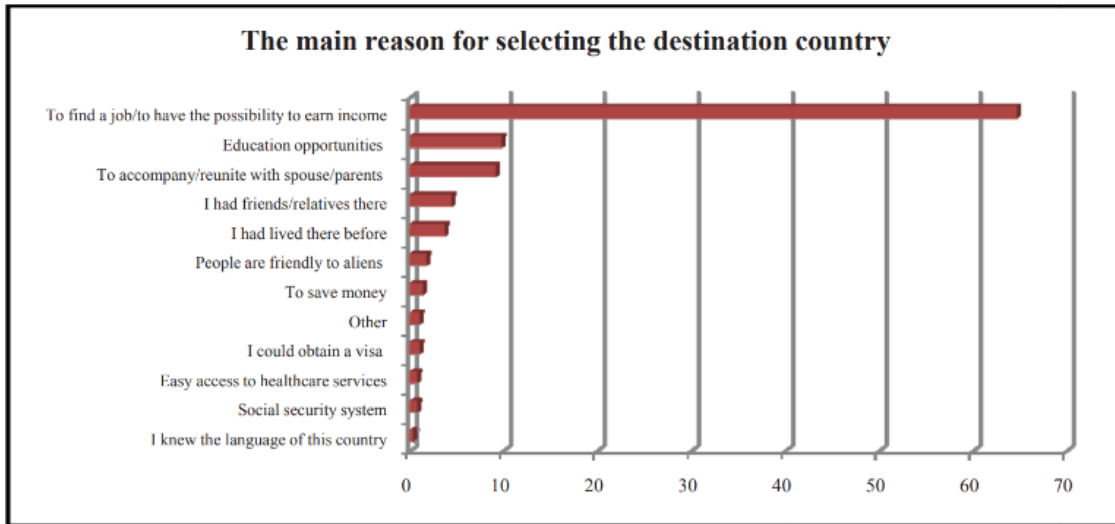
The paradox in the EU integration process is made clear by the transposition and implementation of the Posting of Workers Directive, which keeps prospective Member States in a phase of transition when they are required to establish the institutional and legal infrastructure before membership. These inconsistencies directly affect the working conditions and degree of protection offered to workers from these nations.

Figure 6 Potential migration by economic sector and profession (in %).

Nr	Sectors/profession	Move	Stay
1	Working in a call centre	85	15
2	Nurses	83	17
3	Construction	56	44
4	Clothing	53	47
5	Footwear	38	62
6	Salesperson	67	33
7	Shopkeeper	42	58
8	Teachers	27	73

Source of information: Gëdeshi I., and King R., (2018). New Trends In Potential Migration From Albania.

Figure 7 Top reasons for selecting the destination country (in %).



Source of information: Gëdeshi I., and King R., (2018). New Trends In Potential Migration From Albania.

4. DISCUSSIONS

According to recent data, subcontractors employ the vast majority of mobile EU workers in the construction industry. Subcontracting is viewed as a technique to disperse the financial risk across a number of parties. However, it has some drawbacks, including a fierce labor cost competition which leads to a heavy reliance on posting: subcontractors hire workers from non-member states with lower wages to work on construction projects in high-income States in an effort to reduce labor costs.

Construction companies are less restricted to a single site of production. This makes the construction industry's structure particularly complex in Albania, where it is mostly made up of international big companies acting as main contractors and domestic small enterprises, thus as independent contractors, acting as subcontractors.

5. CONCLUSIONS

For developing nations, labor emigration continues to be a key technique for generating income. More than 39% of Albania's population, which was a landlocked nation for 50 years, lives elsewhere.

The two main developments in Albania's migration policies during the past ten years can be summed up as institutionalization of migration policy and developing links between migration and development.

Contrary to the asymmetry of the majority of regional flows, there is symmetric interchange of employees. For instance, the regular movement of labor between Albania and Kosovo is even not considered migration because of their shared ethnicity; rather, it is seen as an expansion of their collaboration. This movable labor force is made up of both employees and highly qualified specialists.

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