


## JOB SECURITY IN THE FACE OF CHALLENGES OF LABOR MARKET FLEXIBILIZATION IN SERBIA<sup>1</sup>

UDC 331.5(497.11)

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**Abstract.** *Serbia, while undergoing its post-socialist transformation, began its integration into global economic courses. This path included both changes to labor laws and the creation of new regulatory mechanisms with the aim of achieving greater labor market flexibility. The trends of decreasing labor regulation in the context of the post-socialist transformation promote more independent management of the labor force by the employers with the aim of a more effective response to the dynamic changes in the market, which ultimately leads to concern in terms of job security for the future. From the point of the view of the worker, security is an important job aspect, providing continued economic stability but also in a certain sense allowing workers to plan their life activities. The subject matter of this paper is job security in the labor market in Serbia in the context of the transformation of the labor market in accordance with the requirements of flexibility. The basic aim of the paper is the identification of trends based on the criterion of job security, but at the same time the paper analyzes jobs based on the type of employment contract and the rate of informal employment. The results indicate a noticeable trend of decrease in permanent employment with a subsequent increase in temporary employment. At the same time, the relatively stable rate of informal employment indicates that labor market flexibilization did not achieve the goal of “transferring” informal workers from the illegal into the legal sphere of employment.*

**Key words:** *Job security, labor market flexibility, neoliberalism, employment contracts, informal employment*

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<sup>1</sup> The paper is based on the material compiled for the completion of the doctoral dissertation titled *Job Quality in Serbia: Employee Allocation Patterns and Labor Market Segmentation*, but the content and data have been innovated.

Received April 28, 2024 / Accepted May 4, 2024

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## 1. INTRODUCTION

Following the 1970s, a set of changes occurred in numerous social spheres, the economy in particular. The reforms associated with Ronald Reagan (the USA) and Margaret Thatcher (Great Britain) promoted the process of commodification, that is, an increasingly greater market dependence. The aforementioned reforms were to a great extent also reflected in the labor market, where structural changes occurred in the legal regulation of labor relations, and consequently the very position of the employees themselves.

One of the most threatened aspects of the position of employees in the whirlwind caused by the aforementioned changes is job security. The issue of job security is a topic which receives particular focus among researchers in the field of sociology of labor since job security is not just an important characteristic of labor, but also has numerous consequences for non-labor related aspects of human life. At the time of the aforementioned changes, Serbia had a command-planned economy, which is why the aforementioned policies were only propagated following the dissolution of SFR Yugoslavia. After the changes brought about by the 2000s, Serbia began a period of rapid transformation and implementation of policies, while promoting labor market solutions at the same time. More specifically, in the labor market, changes were being made and new legal regulations introduced which foregrounded flexibility, whereby labor market flexibility was associated mostly with the promotion of non-standard and unstable employment contracts which provided employers with a greater degree of freedom in handling their labor force.

The subject matter of this paper is job security at a time of the liberalization of the economic sphere in Serbia. Specifically, in the labor market, liberalization is viewed through the striving to encourage greater labor market flexibility. The legacy of socialism included the promotion of job security, stable employment contracts, and a relatively high level of social security. Labor market flexibility attempts to contribute to the greater dependence of the labor force on the requirements of the market, whereby promoting the creation of legal frameworks which enable employers to more easily hire and fire workers. In other words, it is simpler to hire a labor force in a manner which has been adapted to the requirements of the market. Mostly, the main mechanism for encouraging labor market flexibility is the decrease in the “rigidity” of the labor laws, as well as bringing new legal solutions (a broad array of employment contracts) which the employers have at their disposal. Labor market flexibility gets its legitimization from the assumptions that it will encourage greater competitiveness, but also that it will also help remove workers from the informal sector (and in that way even contribute to the greater job security of the workers currently in the labor market) since legal employment is “cheaper” for the employer due to decreased legal protection of labor. On the other hand, there is a fear that excessive dependence on the market and a broader scope of non-standard work engagements could jeopardize the status of the employees in the labor market, especially in terms of job security. The aim of this paper is to provide a description of the market trends which are associated with job security by viewing changes in the structure of the labor force based on the type of their employment contract and the oscillations in the share of informal employment. The results of the analysis provide data on the effects of legislative changes in the labor market, changes in the labor market itself, as well as its basic tendencies.

## 2. JOB SECURITY

Various studies (Green 2015; Warr 2007, 133–135) point out job insecurity as a significant cause of stress, especially in cases when the insecurity is a permanent (and not temporary) feature of someone's job. Altered economic circumstances in a globalized society (new markets, new technologies, new production models, the restructuring and reorganization of companies) make this feature a structural characteristic of the labor market in almost all national economies. Of course, the jobs that are offered in the labor market vary in their extent of job security. For some jobs, it is expected that they will be available for a number of years, while others are characterized by instability and the risk of being declared redundant or even being forced to change one's position in the job hierarchy. Be that as it may, job security as a significant characteristic of job quality in modern-day society can be assessed through employment status by means of the objective dimension of security (permanent employment contracts and various forms of temporary employment contracts) but also through a more subjective approach (the perception of the workers regarding the possibility of job loss, and the issue of the restructuring of the company they are employed in, which could lead to insecurity and fear of job loss) (Parent-Thirion, A. et al. 2017).

A significant number of studies inspired by this topic point out the negative impact of insecure and low-quality jobs on the quality of life of the individual and the lack of wellbeing. In the 1980s and 1990s, OECP<sup>2</sup> noted a trend of increase in the number of employees who consider their work to be of low quality and insecure (Paugam and Zhou 2007, 179; OECD: 2017), as a result of which this topic became the subject of theoretical debates and empirical research. Job security carries with it numerous benefits which are not solely of an economic character. Employees with secure jobs are able to plan the future with more certainty, are more likely to choose to have offspring, solve housing issues, invest in the future (Kalleberg 2011, 2). In modern-day studies, which focus on the quality of the job offer and job satisfaction (and health) of employees in the workplace, job security is undoubtedly a key point. A study carried out by Kalleberg (2011) on favorable and unfavorable employment opportunities is related to the context of the USA from the 1970s to the 2000s, when changes in the economic sphere were taking place, marked by a neoliberal turn (which later became dominant in Serbia). The author attempted to analyze the polarization of jobs, that is, the more intense increase in the differences between favorable and unfavorable employment opportunities and the precarious nature of labor in general. The author points out that there is a considerable polarization of jobs in terms of a sequence of dimensions of job quality, pointing out at the same time the increasing inequality in the sense of earnings and benefits arising from employment (primarily retirement funds and health insurance), control exerted over assignments and the possibility of participating in them, as well as the intensity of the work. The explanation of the polarization between favorable and unfavorable employment opportunities Kalleberg found in institutionalized, legal, and political interventions, as a result of which more vulnerable groups in the market are more exposed to poor working conditions, mostly due to the lack of institutional labor protection. The author pointed out that there is a noticeable trend of a general decrease in job security which additionally affects deprived groups since highly skilled workers can more easily find new job opportunities in the labor

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<sup>2</sup> Organisation for Economic Co-operation and Development.

market. A study of particular importance is that of Maja Jandrić (2017), which views the position of Serbia in the labor market along the dimensions of flexibility<sup>3</sup> and security<sup>4</sup>. The study included 24 countries on the European continent, and a factor or main component analysis was used to view the positions of the states in relation to the dimensions of flexibility and security in the labor market. The analysis indicated that the *level of flexibility* in Serbia is somewhat higher than average, while its assessed *level of job security* is lowest within the group of studied countries. The extent of the compensation system for the unemployed is among the lowest in the studied group (less than 10%), while the expenses for labor market policies are at the same time at a very low level in relation to the studied group of countries. In addition, the study confirmed that countries of the Eastern bloc which have undergone an economic transformation generally exhibit lower levels of security in the labor market.

### 3. JOB SECURITY AND THE ONSET OF NEOLIBERAL POLICIES

Changes in labor and employment (structure) were significantly affected by the economic recession dating back from the 1970s and 1980s, the industrial restructuring of the economy in more developed countries, the input and primacy of new technologies, and the globalization of the labor market (Castells 2000; Milošević 2005). At the same time, the 1980s saw extensive economic and financial reforms on the global scene as a reaction to the economic crisis of the 1970s. The aforementioned reforms were a deviation from the generous programs of the so-called countries of wellbeing established in the post-war period. The broad scope of services and security being offered to citizens were the basic features of the policies of these countries (better known as Keynesian politics). The principles of social security, but also the policy of permanent employment and subventions lay at the core of this policy, which resulted in a good standard of living. A discontinuation of the Keynesian policy can be found in the political and economic measures undertaken by Ronald Reagan in the United States of America and Margaret Thatcher in Great Britain (Berč & Mihnjenko 2012, 268; Harvi 2012, 13–16). They attempted to promote market solutions which foregrounded offer and demand, and thus turn the labor force into a commodity to be procured from the market (Polanji 2003, 78–80; Harvi 2012, 90; Milanović 2016, 167). The influx of the neoliberal paradigm through national policies of government reduced the welfare state, whereby the solution for the newly emerging problems in the labor market was to an increasingly greater extent being handed over to individuals, encouraging them to more independently take on responsibility for life risks.

It is necessary to point out that non-standard work engagements are not a proclaimed aim of neoliberal policy, but are more of a consequence of its more general principles. The intellectual origin of neoliberalism is mostly associated with the initiative behind the Mont Pelerin Society, founded by Friedrich von Hayek in April 1947. Even though the word neoliberalism was not included in its acts, the society represented a kind of “neoliberal

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<sup>3</sup> The key elements of flexibility were operationalized via two indicators: 1. the indicator for individual and collective dismissals for workers with a regular contract (EPRC) and 2. the indicator for temporary contracts (EPT).

<sup>4</sup> The key elements of *security* are operationalized through 4 indicators: 1. coverage of the unemployment compensation system, 2. monetary expenditure for unemployment benefits per capita, 3. expenditures for unemployment benefits expressed in PPS per unemployed person, and 4. expenditures for active labor market policies expressed as a percentage of the GDP.

international”. Some of its most famous members included Ludwig von Mises, Milton Friedman, and for a time even Karl Popper (Harvi 2012, 36; Biebricher 2019, 13).

The members of the Mont Pelerin Society were concerned by the growing “tide of collectivism” manifested in communism or some less radical forms of Keynesian state intervention. Hayek and his ideologically similarly-minded comrades were linked by the stance that every form of state intervention represents collectivist planning, which is undesirable and is harmful, as it, supposedly, leads to new forms of engineering despotism (Steger & Roy 2010, 15; Biebricher 2019, 20). Hayek pointed out that all forms of planning focused on the regulation of competition necessarily lead to economic ineffectiveness. Every attempt at state interventionism makes any adequate competition impossible and prevents the market from adequately coordinating individual actions (Hayek 2012, 43–44). Another promoter of neoliberalism, Friedman (1992, 22), pointed out that state interventionism speeds up the collectivist tendency for wellbeing (and not freedom) becoming the dominant value focus of democratic countries.

According to the neoliberal school of thought, the labor market is a more effective mechanism than any state plan since no human brain could process information better than the market itself (Mirowski 2009, 435). For Friedman (1992, 34), the broad application of market principles decreases social tension, from which stems the premise that the greater the fields encompassed by the market principle – the fewer the topics requiring political decisions.

In order for the labor market neoliberalization project to be fully realized, political elites would have to deal with all forms of solidarity which limit the accumulation of capital (Harvi 2012, 102), including powerful syndicates. The government of Ronald Regan clearly let the unions know that they were not a welcome participant in the government council dialogues by abolishing the contract which determined the balance of power between corporations and the unions in the 1960s. The government of Margaret Thatcher had a slightly more insidious policy regarding the unions which in Great Britain enjoyed a certain degree of institutional support and had a strong negotiating power following the post-war Labor Party rule. The power of the union was reduced by the “opening” of Great Britain to foreign companies and foreign investment in which decisions on which jobs needed to be preserved, and which ones not, were left up to the activities of the free market (and thus they were taken out the sphere of influence and protection of the unions) (Harvi 2012, 78, 84; Steger & Roy 2010, 42).

With the aim of being included in global trends and requirements, national economies, in addition to restructuring and privatization, also resort to labor market deregulation and flexibilization as their own strategies of development. In relation to the aforementioned, labor market deregulation and flexibilization represent processes compatible with the described neoliberal turn, shaping the labor market and altering the content and form of the work itself. In the existing literature, it is precisely the processes of deregulation and flexibilization that are frequently used to explain labor market trends, although there is no consensus regarding the effects which the aforementioned processes generate, and they are rarely used in a fruitful and uniform manner (Николајевић 2022).

The proponents of labor market deregulation and flexibilization support the view that approaching the complete liberalization of the labor market and labor relations leads to the optimization of the goals of social security, encourages employment, and leads to greater effectiveness. Inside this fraction claims are made about the negative effects of rigid European legislation, linking it to the high rate of informal employment (since formal employment is expensive), the rate of unemployment, and difficulties returning to the labor market. The increasingly greater labor market flexibility has a positive impact

on the effectiveness and efficiency of the economy, and ultimately decreases the level of informal employment, the rate of unemployment, and improves employment security (Esping-Andersen & Regini 2003, 2; Regini 2003, 11–14). Contrary to the aforementioned fraction, the critics of flexibilization primarily point out the risks associated with this process and foreground the advantages which regulation carries with it. A necessary consequence of the labor market flexibilization is the increased inequality in the sphere of wealth distribution and an ever-greater polarization between the wealthy and the poor. It is most frequently reflected in the growth of poorly paid jobs, lower employment security, and a reduction in the rights arising from employment which reduces individual (but also family) wellbeing. The aforementioned effects of the labor market deregulation can disrupt the social consensus and lead to an increase in conflict and tension. This fraction criticizes the claims that the high unemployment rate in Europe is a consequence of the rigidity of the labor laws or the profit structure, claiming that deregulation does not necessarily lead to a reduction in the unemployment rate (Esping-Andersen 2003, 77–90).

In addition to the aforementioned debate, the undeniable impact of neoliberalism on jobs is reflected, among other things, in the reduction of the government policy regulating labor relations to a minimum of acceptable standards in the labor market, whereby the interests of the employers for a greater flexibility of the labor force are favored. Flexibilization led to various types of company restructuring and the transformation of employment relationships (Kalleberg 2011, 13). During the previous decades there has been a tendency to adopt policies which were aimed at increasing the general employment rate by promoting nonstandard forms of employment, such as temporary employment, fixed-term employment, and employment through agencies (De Stefano 2014, 254).

Faced with the pressures of globalization, labor market liberalization, and periodic economic crises, many societies are forced into the fragile compromises which are incompatible with the aims of using institutional protection to provide a guaranteed level of job security (Grimshaw, Fagan, Hebson & Tavora 2017, 1). In sum, as Kalleberg (2011, 87) noted, the growth of job insecurity and lack of job stability represent a global challenge since all countries are faced with the problem of balancing between security (protective labor legislation to reduce precarious<sup>5</sup> work) and flexibility (for the purpose of achieving greater competitiveness).

#### 4. SERBIA IN THE CONTEXT OF INCREASED LABOR MARKET FLEXIBILITY

During the 1980s, the collective ownership class in socialism controlled all the social relations and held a monopoly over all the spheres of social life and production (overseen by collective party or state organs). In the context of the crisis of the socialist system, a need arose for the power of collective ownership nomenclature to be sustained and for the monopolistic social positions to grow stronger. The great economic crisis of the 1980s, and the political and legitimizing crises additionally strengthened this tendency. Before

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<sup>5</sup> Precarious work in the existing literature is predominantly defined based on the type of work engagement and working conditions. Precarious work mostly includes non-standard employment engagement (a temporary employment contract, occasional, seasonal, casual, day labor) and is quite often mediated by agencies, but which includes subcontracting with the possibility of workers being engaged by several employers. At the same time, in terms of working conditions, precarious conditions are characterized by low income and the inability to realize rights arising from employment (insurance in case of job loss, the right to health insurance and paid sick leave), as well as the right to organize a union (Bradaš, 2018, 1; MOR 2012)

the collapse of the socialist regime, the collective ownership class seized the opportunity to privatize social resources using its ruling position to accumulate the initial capital (Lazić 2011, 70).

Viewed more broadly, 1989 is a well-known benchmark year for the transformation of socialist regimes, which includes several aspects: 1. the political [the democratization of authoritarian (single-party) political regimes into multi-party ones], 2. economic [the gradual transition from a command-planned economy to a market economy (capitalist)], and 3. the cultural [the transition from cultural (ideological) monism to cultural pluralism]. The 1990s (1989–2000) are recognizable as a period of blocked post-socialist transformation. Blocked transformation referred to a period of a slowed economic liberalization which took place under intense state control. This period was marked by the state control of the flow of transformation, which is why it took place more slowly, but in favor of the ruling nomenclature. The aforementioned period was marked by the dissolution of political monism, albeit (despite the creation of a multi-party system) we find the addition of a certain degree of authoritarianism characteristic of the previous regime (so-called authoritarian quasi-democracy). The economy at that time can be characterized as a system of political capitalism in which profit is not achieved on the free market, but by exploiting politically created monopolies under conditions of economic sanctions, anomie, and criminalization (Antonić 1995, in Arandarenko 2010, 75).

The distributional deprivation of the middle class at this time is multifold and is a direct consequence of freezing foreign currency savings, the destruction of pyramid banks, hyperinflation, the compression of actual salaries and means of taxation, which as the final outcome reduces existing financial assets and current income (Arandarenko 2010, 76). The lower class suffered significantly smaller losses during the 1990s. At this time, the working class attempted to protect itself by prohibiting layoffs during sanctions. The political-economic elite, in principle, represents a social group which represents the “winners” of the blocked transformation. Those in possession of capital were mostly recruited from the former ruling nomenclature (politicians and CEOs) who during the privatization process used their existing positions to convert their political resources into economic ones. The experience of other countries which underwent transformation processes is that the new elite was recruited primarily from what were once the middle classes, while the previous ruling group predominantly originated from managing positions. In Serbia, new elites were established mostly by means of the privatization of collective ownership by the previous collective ownership managerial level, which led to a transformation from collective ownership possessors to individual owners of social wealth (Lazić 2011, 63–69).

The 1980s were marked by the socialist modernization and industrialization of the country. Despite the economic stagnation and the rise of unemployment, industrial employment increased. Analysts point to an artificial induction of employment at this time because employment was gained by means of asserting political pressure, and not based on the criteria of economic efficiency, which is illustrated by the fact that almost every fifth employee at this time was “redundant” (Arandarenko 2011, 217). The extent and quality of the labor market in Serbia in this period significantly collapsed in the 1990s. On the one hand, the dissolution of SFR Yugoslavia, the wars, international sanctions, hyperinflation, and anomie, but also the trend of deindustrialization, retraditionalization, and informalization of the labor market on the other – are the most significant factors which led to the multiple degradation of the labor market. A decrease in industry employment was seen, as well as an increase in employment in the agricultural and informal sector, which played a significant role

in the material reproduction and sustainability of households. The firing ban established during the sanctions overflowed into pay cuts (inflation and hyperinflation). The 2000s were accompanied by an even stronger deindustrialization and privatization process, which led to a general decline in employment, except in the agricultural sector and the informal labor market. The later microeconomic stabilization, income from privatization, and loans strengthened the public sector which virtually generated the entire increase in the employment rate at that time. The participation of vulnerable employment (the self-employed and their associated household members) was also at a high level in agriculture, which slowed down the increase in the employment rate (Arandarenko 2011, 217–219).

After 2000, two large groups of factors affected the labor market. Initially, the dominant process was that of transition<sup>6</sup> and the restructuring of companies, while later, just before 2008 and after, a great economic crisis set in with certain unfavorable effects on the labor market in Serbia. The data referring to the gross domestic product (GDP) and employment rate are of considerable importance. Starting from 2001 to 2008, the growth of the GDP was not accompanied by jobless growth in the context of transitional processes and restructuring, which is why GDP growth was reflected in personal income and productivity. During the time of the great economic crisis, from 2008 on, the situation became worse in the sense that the decline of the GDP was accompanied by the rapid decline in jobless growth as a reflection of the socio-economic circumstances (a period of deblocked transformation and the completion of the transitional restructuring process) in collaboration with the effects of the global economic crisis (Jandrić i Molnar 2017, 3).

After the regime change and 5 October revolution, no radical change in the system occurred; instead, the subservience of the market sphere in relation to the political one was retained. The new economic-political elite came to an “agreement” with the middle class, as a result of which a new distribution of economic resources and opportunities was carried out in its favor. Further economic reforms following the political changes in 2000 were the result, primarily, of the activities and interests of local distributional coalitions, whose fundamental aim was to achieve a maximum increase in their own profit (Arandarenko 2010, 78). The aforementioned author points out two main sources of income redistribution: 1. a change in taxation (instead of progressive – proportional tax), and 2. privatization (in which the primary beneficiary was the political-economic elite) as a significant source of the redistribution not only of income but also national wealth. Losers at the time of these changes were employed primarily in privatized companies, who lost out only due to the manner (controversial and interest-laden) of the privatization carried out on the part of the political nomenclature of the time<sup>7</sup>. The new form of labor income tax was a considerable obligation for the new owners who found a way out of the new circumstances by laying off workers. The relative deprivation of the labor force, in addition to privatization and fiscal reform, had an impact on the labor laws. The Labor Law of 2001 annulled the existing

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<sup>6</sup> The transitions, in the broadest sense, include the structural adaptation of the political (single-party into multiple-party), economic (command-planned into market), and value (cultural monism into pluralism) systems and the intense inclusion into the capitalist system trends following the implosion of socialism (Vukša I Simović 2015).

<sup>7</sup> For more on the models of privatization, waves of privatization and its effects on the economy of Serbia, please see: Балуновіћ 2015.

The same volume contains valuable information on the fragments of the reconstruction of the past and present, the restoration of capitalism and the position of women in socialism and today, the aspects of financing education during the consolidation of capitalism, the history of agrarian reforms and the consequences of privatization, as well as other important topics.



(almost absolute) job protection by dissolving the two-step process involved in laying off workers, while the increase in the insecurity of workers was additionally backed up by the revised Labor Law of 2005 (Arandarenko 2010, 80).

We have already outlined that countries resort to changes in their legal regulations to improve their comparative advantage in the global market and to provide the desired economic climate to attract foreign investments. The reduction of labor costs became the primary aim due to the increasingly greater economic mutual dependence and global networking (Castells, M. 2000), which resulted in a decline in the working conditions and an increase in the insecurity of the workers. Just like many other countries of the capitalist semi-periphery, Serbia achieves competitiveness by providing an inexpensive labor force, devising internal strategies for adapting companies to the market conditions (restructuring and adjusting the number of workers to the amount of work), the liberalization of the labor laws, generous subventions for foreign investors, etc. (Тмушић и Рапаић 2002; Попов 2013; Балунуовић 2015). The change made to the legislature for greater labor market flexibility did not circumvent Serbia and represents a constituent part of the general tendencies for the liberalization of the economic sphere (Николајевић 2020, 78).

Temporary work agencies were able to achieve greater labor market flexibility by means of re-regulation, as an example of the normative adjustment of the obligations of employers with a reduction of labor costs. These are agencies, whose norming, after long debates on the positive and negative aspects of this type of employee engagement, was completed in 2019. The Agencies<sup>8</sup> are a response of companies to the need for greater labor relations flexibilization and the requirements for sudden changes in the number of employees. Workers “for rent” who are by these means provided for employers until recently did not have the same rights as employees with stable employment contracts with no intermediary (the Agency), which was why during the adoption of this law the unions mostly struggled to equate rights arising from employment and working conditions for these two categories of workers. *The Law on Agency Employment* regulates the rights and obligations of the employees signing employment contracts with a temporary work agency for the purpose of making them available to a third-party employer for part-time work. The initial motivation for passing such a law is the equation of the rights of those employed without an intermediary and those employed through an employment agency (primarily the possibility of realizing rights arising from employment: the right to paid sick leave, annual leave, a retirement fund, and unemployment compensation). Even though the Law on Agency Employment to a certain extent contributes to the equation of the rights arising from employment in the case of the workers employed through agencies and workers employed without an intermediary, we should not lose sight of the fact that this law represents an institutionalization of agency hiring of the labor force, which is a regulatory mechanism of encouraging labor force flexibility. The institutionalization of agency employment enables employers to more easily manipulate the volume of the labor force and avoid complicated and expensive redundancy procedures.

In addition to the analyzed changes to the Labor Law and the new re-regulatory practices (the Law on Agency Employment), the amendments to the draft of the Law on Simplified Work Engagement in Seasonal Jobs in Certain Activities are a clear indicator of the political motivation behind labor market organization in favor of the employers, promoting at the same time greater employment flexibility. At the end of 2020, a work

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<sup>8</sup> The operating of *Temporary work agencies* is regulated by the Law on Agency Employment: <https://www.paragraf.rs/propisi/zakon-o-agencijskom-zaposljavanju.html>

group was formed within the Ministry of Labour, Social Affairs and Veteran Affairs with the aim of extending the existing Law on Simplified Work Engagement in Seasonal Jobs in Certain Activities (passed in 2018). The basic intention behind the extension of the aforementioned law was the extension of the defined activities which facilitate employment. In addition to the agricultural, forestry and fishing sectors, in which this practice is already present, the intention behind this proposed law was to facilitate employment within the trade, hospitality, construction, and household and assistant services sectors. In addition to facilitating the redundancy process, made possible by the Law on Simplified Work Engagement in Seasonal Jobs in Certain Activities, seasonal workers were denied the opportunity to realize rights arising from employment (such as the right to paid sick leave, annual leave). What causes additional worry is the fact that a seasonal employment contract is defined as work outside of employment, which consequently also deprives the worker the right to union organization and collective negotiation. It would seem that the fear that the addition of such sectors in which it is possible to employ seasonal workers would contribute to the increase in the share of employees engaged by non-standard work arrangements is justified. Even though the aforementioned draft of the law, due to numerous public debates and critiques, has still not been presented to the national assembly, it implicitly indicates the tendency to organize employment so that it would provide a greater level of labor force flexibility.

## 5. THE METHOD

Job security in the context of the changes to the labor market in Serbia is accompanied by the striving to encourage greater labor market flexibility, and as such they are both the subject matter of this paper. The legacy of the socialist period included the promotion of job security, stable employment contracts, and a high level of social security. The post-socialist transformation and the liberalization process of the economy and labor market led to institutional changes whereby we could rightfully expect shifts in the labor market as well as new trends related to job security.

The general aim of the paper is to provide a description of labor market trends which are linked to job security. We will divide the general aim into two specific ones, whose results will provide us with an answer to the general aim. The first specific aim is a description of the trends of employee engagement based on their type of employment contract. The type of employment contract, in the existing literature, unambiguously represents a solid indicator of job security. The second specific aim is a description of the trends in the rate of informal employment. Informal employment is the least secure form of employee engagement, and analyzing it is important since the most significant positive externality of carrying out flexibilization is in fact curbing informal employment.

For the purpose of the study, the available newsletters of the Labour Force Survey (in Serbian: *Анкете о радној снази* or APC in the text) from 2006 to 2022 were used, predominantly focusing on the indicators of general trends in the employment rate, the informal employment rate, and data on employed workers based on the type of their employment contract. Through a description of the secondary data, attempts were made to make note of the changes in the labor market during the aforementioned period, in order to respond to the set aims of the study.

## 6. DATA ANALYSIS

This section will convey the general trends of the workers in the labor market in Serbia from 2006 to 2022. During the design of the methodology of the APC, the Eurostat definitions and recommendations were adopted. In the newsletters, employees were defined as individuals who work for an employer in any sector, irrespective of whether they have a formal employment contract or work based on an oral contract. The members of their household who help them with the family business and who are not paid for their work are considered employed workers.

The trends of the labor market which indicate the status of job security were monitored through the share of employed workers based on the *type of employment contract* and the *rate of informal employment*.

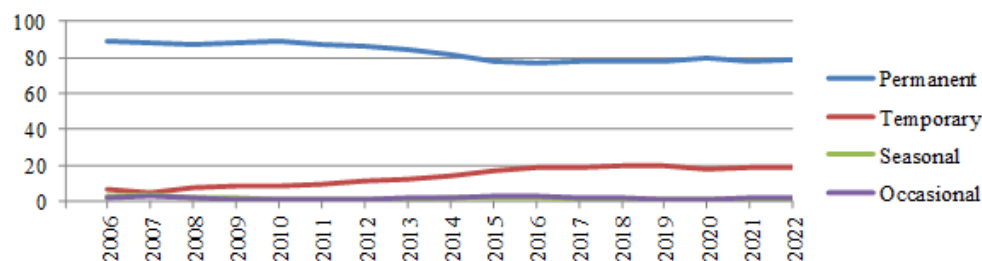
By analyzing the APC from 2006 to 2022, the type of employment contract is a parameter which unambiguously indicates the reduction of the share of employed workers with permanent employment contracts and the increase in the share of employed workers with temporary employment contracts. Until 2010, we noted a relatively stable share of permanent employees, while following 2011 we noted a tendency of decrease in the share of employees belonging to that category. The share of employment before the great economic crisis (2008) and during the period of privatization and restructuring of companies in Serbia ranged from 87% to 89%, which is also visible in the relatively stable absolute number of employees. After the great economic crisis, the situation became unfavorable for employed workers in the sense of a decrease in the total number of permanent employees approximately until 2013 (from 1699.8 in 2006 (88,8%) to 1316.8 in 2013 (84,5%)), after which time the nominal number of employees increased. Despite the nominal decrease in the number of employees, it is interesting to note that the share of permanently employed workers remained relatively stable until 2012. These indicators can be explained by a decrease in the share of engagement in seasonal and casual employment, but also the overall decrease in the number of employed workers at this time. Following 2013, the trends in the category of permanent employees were more clearly constituted in the sense of a continued reduction in the share of employed workers in this type of work engagement, despite the nominal increase in the number of permanent employees. The aforementioned nominal growth in the category of permanent employees (following 2013) followed the trend of the general increase in employment, albeit it was less pronounced than the growth within the category of temporary employees. It could be said that, despite the nominal growth in the number of permanent employees, their share decreased “in favor” of temporary employees. In sum, the share of temporary employees in the overall labor force increased in a continued and stable manner over the studied period. The sharp increase in the number of employees within this category is best noted by the fact that in 2021 the share of temporary employees was three times as great as in 2006 (19,1% in 2021 as compared to 6,6% in 2006). The share of casual and seasonal employment in the labor force continued to decrease over the studied period, with mild oscillations dating from 2012 to 2015, after which their share in the total labor force was reduced and remains low. The data on seasonal and casual employees were not indicative of a specific trend, and the aforementioned forms of employment do not represent a frequent form of work engagement in relation to the overall labor force.

**Table 1** Employed workers (15–64) based on type of employment contract from 2006 to 2022 (in percentages and absolute numbers)

Year	Type of employment contract								Total	
	Permanent		Temporary		Seasonal		Casual		%	AN
	%	AN	%	AN	%	AN	%	AN		
2006	88.8	1699.8	6.6	126.9	2.9	55.6	1.7	32.6	100	1915.0
2007	88	1711.5	5.3	137.4	3.9	54.4	2.8	37.5	100	1940.8
2008	87.4	1629.7	8	150.1	2.4	45.7	2.2	41.7	100	1867.2
2009	88.4	1568.7	8.3	145.9	1.8	33.2	1.5	27.8	100	1775.6
2010	88.5	1433.9	8.7	141.2	1.5	23.6	1.3	21.5	100	1620.3
2011	87.5	1378.7	9.9	155.3	1.3	20.1	1.3	20.8	100	1574.9
2012	85.9	1332.2	11.7	181.4	0.8	12.9	1.6	24.6	100	1551.1
2013	84.5	1316.8	12.4	194.3	1	16.7	2.1	33.4	100	1561.1
2014	81.8	1324.3	13.9	224.2	1.9	30.7	2.4	39	100	1618.2
2015	78.2	1394.2	16.9	300.3	2.1	36.7	2.9	51.5	100	1782.7
2016	76.4	1412.5	18.8	347.9	1.9	35.8	3	53.2	100	1849.4
2017	77.3	1491.7	18.9	364.6	1.6	31.3	2.2	41.4	100	1928.9
2018	78	1556.9	19.7	398.8	1.5	30.2	1.7	34	100	2019.9
2019	77.4	1609.6	19.4	404.2	1.6	31.3	1.6	34.2	100	2079.3
2020	79.6	1669.9	17.9	374.3	1.1	23.1	1.4	30	100	2113.8
2021	77.4	1681.9	19.1	414.3	1.5	32.7	2	42.9	100	2171.8
2022	78.3	1741.0	18.6	413.1	1.4	30.9	1.7	38.4	100	2223.4

Source: Statistical Office of the Republic of Serbia, Labour Force Survey, *Employed workers based on type of employment contract* (newsletters 2006–2022).

Based on the presented data, we can note clear trends in the labor market in terms of employed workers and their type of employment contract. Over the past fifteen years or so, the trend of an increasingly more visible division among employees emerged, which included two key categories: 1. temporary employees and 2. permanent employees (see Table 1). It is a tendency of temporary and permanent employees growing closer together (see Graph 1), with a justified assumption of the reduction in work engagements involving permanent employment contracts in the upcoming period. The assumption was founded on the noted stable trends over the studied period by analyzing the prevalence of this type employment contract among employed workers, as an important indicator of job security.

**Graph 1** Employed workers (15–64) based on type of employment contract 2006–2022

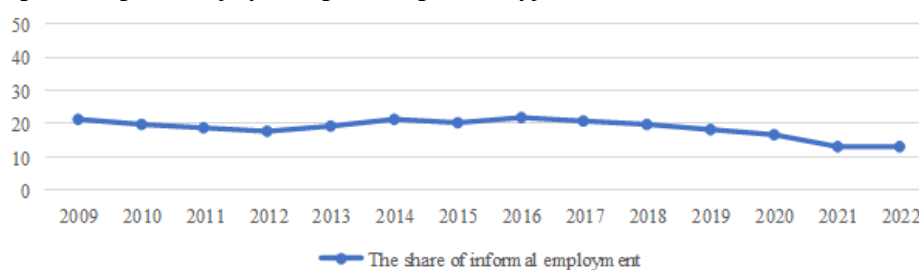
Source: the graph is based on data of the APC, newsletters 2006–2022

According to the methodology applied in the APC, the rate of informal employment is defined as the percentage of individuals working without any formal employment contract in the entire labor population<sup>9</sup> (APC 2014, 2017, 2021).<sup>10</sup> By analyzing the data obtained by means of the APC from 2009 to 2022, we cannot note clear movements and a trend of decrease or growth in the rate of informal employment. Informal employment directly corresponds with job insecurity due to a lack of institutional job security, but also with the inability to realize rights arising from employment and the inability of the employees to realize their right to a retirement fund, health ensure, paid sick leave, and annual leave, which to a considerable extent impacts their wellbeing.

**Table 2** The share of informal employment in the labor force from 2009 to 2022

Year	Informal employment		Total employed workers
	%	in thousands	
2009	21.4	559.9	2616.4
2010	19.6	464.9	2396.2
2011	18.8	423.6	2253.2
2012	17.5	390.0	2228.3
2013	19.3	446.0	2310.7
2014	21.2	542.5	2559.4
2015	20.3	523.9	2574.2
2016	22	599.2	2719.4
2017	20.7	579.2	2794.7
2018	19.5	553.8	2832.9
2019	18.2	529.2	2901.0
2020	16.4	437.7	2894.8
2021	13	361.5	2782.5
2022	13	369.5	2847.9

*Source:* The Labour Force Survey, Employed workers based on type of employment contract, rights arising from employment, gender, region, and type of settlement. Newsletters: 2009–2022



**Graph 2** Informal employment in relation to the entire labor force per year

*Source:* the graph is based on the data provided by the APC, Newsletters 2009–2022

<sup>9</sup> In the APC from 2014 to 2020, informal employment includes work in non-registered companies; work in registered companies but with no formal employment contract and with not social security or retirement fund; as well as work done by associate household members in the family business, while in the APC from 2021 (following the new methodology) it includes work in non-registered companies; work in registered companies but with no formal employment contract, as well as the work of associate household members in the family business.

<sup>10</sup> Prior to 2014, the APC does not provide data on employed workers based on the type of sector (formal/informal) nor does it recognize this category.

According to the presented data regarding the changes to the share of informal employment, it is noticeable that over a longer period of time (2009–2019) the rate of informal employment did not indicate clear tendencies of growth or decline in relation to the share of employment. However, over the past three years (2020–2022), a decrease in the share of informal employment is evident. Even though the data could lead us to the conclusion that the noted decline in the share of informal employment is a consequence of the adopted laws, we must be cautious when drawing such conclusions, especially if we bear in mind that the period of a sudden decrease in the share of informal employment<sup>11</sup> overlaps with the global COVID-19 pandemic. In accordance with the continuity of the adopted changes to existing laws, a decrease in the nominal and percentage share of informal employment, which was not noted until 2019, could probably be explained more likely with measures passed to suppress the COVID-19 pandemic, and not the effects of flexible legal solutions. In order for us to know with certainty whether the data on the decrease in the share of informal employment is systemic or isolated in nature, it is necessary to analyze the data over a longer period of time, with a particular emphasis on the years to come.

#### CONCLUSION

By analyzing APC data from 2006 to 2022, it is possible to determine certain changes in the labor market which correspond to changes in the labor laws, that is, the striving for a more flexible labor market. One of the most significant indicators of the gradual labor market flexibilization is the continued reduction of the share of permanent employment, which is accompanied by the increase in the occurrence of temporary employment contracts. On the one hand, the aforementioned data are in favor of the general trend of increase in non-standard and uncertain types of employment. On the other hand, the data indicate the fact that the labor market flexibilization did not achieve its own theoretical validation: in addition to the nominal increase in the labor force, the stability of the share of informal employment was noted, which indicates that the informal sector increases alongside the formal one. The continued high share of informal employment decreased only during the SARS-CoV-2 epidemic, that is, it is more likely a reaction to the measures passed to curb it. In other words, a decrease in the share of informal employment, which includes the most vulnerable group in the labor market, is more a result of the specific nature of the pandemic (measures of limited movement, a decrease in the aggregate demand, and consequently a reduction in production in which the informal sector was hit first) than the sudden effect of flexibilization. In accordance with the aforementioned, it is possible to identify a trend in the increase of temporary employment as one of the most obvious effects of the described legislation changes, which speaks in favor of increased labor market flexibility. At this time we should point out that the analyzed data do not indicate the fact that the labor market in Serbia is flexible, or even precarious, especially if we take into consideration that there is still a high share of permanent employment. The data indicate that in the context of transformation of institutional changes, congruent with the aims of labor market flexibilization, we can conclude that there are shifts towards higher insecurity in the labor market, as well as

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<sup>11</sup> Informally employed workers have the lowest amount of control over employment conditions and thus are themselves the first to experience repercussions (are rendered redundant) at a time of intense changes in the market and volatile social upheavals (such as the SARS-CoV-2 pandemic).

there not being room to draw a conclusion regarding a gradual curbing of employment in the informal sector.

We can humbly anticipate that due to increasingly greater flexibilization and decreased institutional protection, certain groups in the labor force in the labor market (without the ability to control working conditions) will be more exposed to less secure and stable work engagements. Insisting on having control over employment conditions, with the aim of providing job security, opens the way for greater divisions, an additional vulnerability of deprived groups, and consequently the perpetuation of inequality. Ultimately, it would be useful to, in further studies, analyze the quality of jobs with no stable or secure employment contracts. If it were to be determined that more flexible types of employment contracts correspond to poor working conditions (bearing in mind that flexibilization did not “extract” engaged employees from the informal sector), the conclusion that labor market flexibility did not provide legalization, but instead the precarization of labor, is inevitable.

**Acknowledgement:** *This study was supported by the Ministry of Education, Science and Technological Development of the Republic of Serbia (Contract No. 451-03-66/2024-03).*

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## SIGURNOST POSLOVA PRED IZAZOVIMA FLEKSIBILIZACIJE TRŽIŠTA RADA U SRBIJI

*Srbija je u periodu postsocijalističke transformacije počela da se integriše u globalne ekonomske tokove. Ovaj put podrazumevao je kako menjanje radnog zakonodavstva, tako i kreiranje novih regulativnih mehanizama sa ciljem postizanja veće fleksibilnosti tržišta rada. Trendovi smanjenja regulatorne zaštite rada u kontekstu postsocijalističke transformacije, promovišu samostalnije upravljanje radnom snagom od strane poslodavca u cilju efikasnijeg odgovora na dinamične promene na tržištu, što u krajnjoj liniji ostavlja zabrinutost po pitanju sigurnosti poslova u budućnosti. Iz ugla radnika, sigurnost predstavlja važan aspekt posla time što omogućava kontinuiranu ekonomsku sigurnost, ali i izvesnost u smislu planiranja životnih aktivnosti. Predmet ovog rada je sigurnost poslova na tržištu rada u Srbiji u kontekstu transformacije tržišta rada shodno zahtevima za fleksibilnošću. Identifikovanje trendova po kriterijumu sigurnosti poslova osnovni je cilj rada, analizirajući pritom poslove prema tipu ugovora o radu i udelu stope neformalnih poslova. Rezultati pokazuju da je primetan trend opadanja radno angažovanih sa ugovorom o radu na neodređeno vreme uz posledično povećanje radno angažovanih sa radnim ugovorima na određeno vreme. Uporedo, relativno stabilne stope neformalne zaposlenosti ukazuju nam da se fleksibilizacijom tržišta rada nisu postigli ciljevi „prevođenja“ neformalno zaposlenih iz nelegalnih u legalne tokove.*

*Ključne reči: sigurnost poslova, fleksibilizacija tržišta rada, neoliberalizam, tipugovora o radu, neformalna zaposlenost.*