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By
Nida Krasniqi

In Partial Fulfillment of the Requirements for Membership in the Honors Society of RIT Kosovo
Executive Summary

The maternity leave provisions have been instilled in international labor legislation as a result of advocacy initiatives of the International Labor Organization (ILO), with the purpose to improve the position of women in the labor market and ensure necessary protection of mothers. Depending on the country, such provisions differ on different aspects such as the length of leave offered, the level of pay, and the structure of payment.

Immediately after the 1999 war and while being under the interim administration of UNMIK, Kosovo had enacted the first Law on Labor which regulated maternity leave, only to follow with a new Law approved by the Assembly of Kosovo in 2011. The new provisions on maternity leave set forth by this law set the maternity leave at a maximum of twelve (12) months. Out of this amount, the law obliges employers to compensate workers for 70% of their basic wage for the first 6 months; the next three months are covered by the government at a rate of 50% of the average wage in Kosovo. The three last months are offered as unpaid leave for those employees wishing to make use of them.

This research paper aims to analyze the effects that the maternity leave provisions have had in the development of the private sector in Kosovo vis-à-vis the position of women in the labor market. Data gathered from business associations indicates that the current provisions are discriminatory towards private sector employers, by placing the largest financial burden on them. Nonetheless, primary research conducted within this project suggests that employers do not mind compensating workers, as soon as their costs are matched with payments from the government. As regards the position of women in the labor market, representatives of women’s organizations have claimed that the law is indeed discriminatory towards women, as it incentivizes employers to avoid hiring women as they are associated with higher costs. Aspects of implementation of the Law on Labor and hiring prospects for women with potential pregnancies were also analyzed within the primary research conducted – all of which indicate that unemployment levels and employability of women remain very low compared to men. In the end, this paper offers recommendations intended to address the issues at hand.
Acknowledgements

I would like to express my gratitude to Professor Venera Demukaj, who has, during this six-month period, tirelessly guided me throughout the process of researching and writing about this topic. The completion of this project would not have been possible without her guidance and support. I also want to thank other faculty members at AUK/RIT who have in one way or another impacted my work in this project.

Special thanks go to my colleagues at AmCham Kosovo for introducing me to this topic and bearing with me over the past three years as I juggled between work and college. I am also thankful to the interviewees and respondents of the survey for taking the time to provide their very valuable contribution towards this project.

I take this opportunity to also thank my ‘Seniors’ friends from class of 2016 for making the past four years of college amazing and unforgettable. Especially, I want to thank my best friends Engjellushë and Besa for having continued to be the two people that I could count on from high school, throughout college, and hopefully forever.

Last, but most certainly not least, I am forever profoundly grateful to my parents, Shpresa and Arsim, and my brother Melik, for always inspiring and urging me to aspire for success. I know you have sacrificed a lot to provide me with the opportunities you have, and I could not have done it without your unconditional love and support. I hope to be able to repay your dedication one day!
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List of Abbreviations

AI – Administrative Instruction
AmCham Kosovo – American Chamber of Commerce in Kosovo
EU – European Union
GAP – GAP Institute for Advanced Studies
GDP – Gross Domestic Product
GoK – Government of Kosovo
IKA - Social Insurance System
ILO – International Labor Organization
KAS – Kosovo Agency of Statistics
KCC – Kosovo Chamber of Commerce
KPST – Kosovo Pension Savings Trust
MLSW – Ministry of Labor and Social Welfare
OAED - Greek Manpower Employment Organization
OECD – Organization for Economic Cooperation and Development
TAK – Tax Administration of Kosovo
UNMIK – United Nations Mission in Kosovo
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I. Introduction

This research project aims at analyzing the provisions of maternity leave as specified with the Law on Labor and their effects on private sector development and employment trends in the Republic of Kosovo.

In 2010 the Assembly of the Republic of Kosovo adopted the Law No. 03/212 – L on Labor with the aim of further regulating the work conditions and creating a more favorable environment for both the labor force and private sector. Overall, this law has been drafted as such that it offers a good basis for regulating working hours, conditions, and facilitating safer working environments that are in accordance with EU Acquis Communautaire, the regulations of the International Labor Organization (ILO), and international best practices in the field. In addition, this law places special emphasis to equality in the workforce, prohibiting discrimination “…in employment and occupation in respect of recruitment, training, promotion of employment, terms and conditions of employment, disciplinary measures, cancellation of the contract of employment or other matters arising out of the employment relationship…” (Law No.03/L–212 on Labor, 2010, p. Article 5). Nonetheless, some provisions of the same law have been criticized in practice for having produced effects that to a large extent go against the equality principle. In this aspect, article 49 of the Law on Labor which regulates maternity leave conditions has continued to be one focal point of concern for both employers and employees.

In 2010, when the law was adopted, policymakers in the country aimed at the empowerment of women in the workforce by enabling it for them to have their right to maternity leave ensured by law. However, in the last five years, many problems have arisen in this regard due to the specifications on remuneration of employees under maternity leave.

On the one hand, employers’ organizations and chambers of commerce have expressed their concerns about provisions of maternity leave, claiming that the latter places an impediment to private sector development in the country. In a position paper published by the American Chamber of Commerce in Kosovo in 2011, it is put forth that “Given the current stage of economic development and the conditions that businesses face in Kosovo in terms of cash flow and access to finance, it has been proven in practice that this provision [maternity leave] increases the burden on Kosovo businesses.” (Zeka & Hapciu, 2012). In light of this, the doing business environment in Kosovo seems to have been affected by the policy, as according to Zeka and Hapciu, businesses face higher costs of compensating employees on maternity leave. Coupled with the former, businesses also face additional hiring,
training, and wage costs for new employees that substitute those on maternity leave. Consequently, businesses sacrifice further investments in favor of expenses related to maternity leave and they are obliged to almost double their costs, without any increase in efficiency.

On the other hand, this provision also seems to hurt the position and participation of women in the labor market in Kosovo. According to the Results of the Kosovo 2014 Labor Force Survey, published by the Kosovo Agency of Statistics, the participation of women in the labor force has continued to be weak as it is, with only 12.5% of working age women were employed, as compared to 41.3% of working age men (p. 11). Such a situation is also affected by the hesitancy of employers to employ women who have higher chances of becoming pregnant and making use of their maternity leave in the near future. A similar point has been made by Zeka and Hapciu, who claim that the provisions of maternity leave as specified by the Law on Labor encourage "discrimination against women at the hiring stage" in the business community (Position Paper on the Maternity Leave Provision of Law on Labour: Problems and Possible Solutions, 2012, p. 3). Moreover, upon utilization of their right to maternity leave, women employees are many times faced with termination of their employment contracts (either in the early stages of pregnancy or upon giving birth). In this regard, while keeping in mind that, women consist of 49.75% of the population of the Republic of Kosovo their alienation from the workforce and discrimination thereof, are problems that require attention and careful solution (Kosovo Agency of Statistics, 2015, p. 15).

Taking into consideration the issues elaborated above, it is of utmost importance for the policymakers in Kosovo to address these issues, especially with the Law on Labor being in the legislative agenda of the Assembly.

II. Background

i. International practices
Maternity leave has been considered as one of the social policies that is used to a large degree to encourage the employment of women and to strengthen their position in the labor market, and consequently the economy. According to Baker and Milligan, the maternity leave provisions have facilitated the access to work for women that are of a childbearing age, as well as prevented such employees from becoming discouraged workers (Baker & Milligan, 2005). Additionally, in their paper Dustmann and Schonberg have also noted that if employees suffer extended withdrawals from the workplace, this might result in "breaking of ties of women employees from the labor market" (Dustmann & Schonberg, 2011).

Given that prolonged leaves might lead to financial difficulties caused to families as a result of a lack of income, the International Labor Organization (ILO) has foreseen financial compensation. Different countries have regulated this issue in different manners. For example, in Austria, the government bears the burden of payment; in Belgium, payments are made from the mother’s health insurance; in Denmark, the municipal governments compensate workers who take maternity leave, but in cases where there is a collective agreement, saying that the employer pays the expenses, then the governments reimburse the employer partially (Ray, 2008). Similarly to Belgium, in France also the costs are born by the Sickness Insurance Fund. In Germany, for mothers whose income is under 13 EUR per day, the ‘Mutterschaftsgeld’ or the Maternity Allowances, compensate the mother up to 13 EUR per day; while if her wage is above this threshold, the difference is compensated by the employer (Ray, 2008).

Similar examples are followed by Greece as well, whereby public servants are paid their wage in full while being in maternity leave. In the private sector, however, the compensation is made by a combination of funds from employers, the Social Insurance System (IKA), and the federal government via the Greek Manpower Employment Organization (OAED) (Ray, 2008). In Italy, the payments made to employees in maternity leave are covered by the National Social Security Institute, with employees receiving around 80% of their basic salaries. Differently from the other countries, Italy also offers a lump sum maternity compensation to unemployed mothers (Ray, 2008).

According to a report of the Organization for Economic Cooperation and Development, that in cases of paid maternity leaves, it is better if the costs are borne by the government, via different social insurance schemes or directly by public funds (Cerise, Eliseeva, Francavilla, Mejia, & Tuccio, 2013). Further, in light of this it is stated in the report that if large costs are transferred from the public to the private sector in the respective countries, it might lead to an undesired discrimination of women
in the workplace. This also contributes for employers to automatically associate hiring women employees with significantly higher expenses.

The International Labor Organization (ILO) has set its standards regarding maternity leave via Convention No. 183 concerning the Revision of the Maternity Protection Convention of 1952. This convention foresees a minimum standard of fourteen months of leave as well as a minimum threshold for payment (two-thirds of the income) (Convention No. 183 Concerning the Revision of the Maternity Protection Convention, 1952). In addition, according to the research conducted by the ILO, it is very important to offer adequate compensation to women employees in maternity leave in order to avoid discrimination. Moreover, ILO states that such compensation maintains “a mother’s economic independence and can help to constrain traditional gender division of labor in the household” (Addati, Cassirer, & Gilchrist, 2014). Nonetheless, the organization has also found out that very long maternity leave period usually leads to a damage of the attachment of women in the workplace as well as lack of promotion and wage increase for those workers.

Similarly, through its legislation and regulations, the European Union has put forth standards to be followed by its member states in regards to minimum requirements for maternity leave. Such regulations include at least fourteen months of maternity leave and specify that women employees under this type of leave must either be paid their salary or another form of adequate compensation (Ray, 2008). This is, with the purpose of the Union to protect the position of employees under maternity leave and maintain their flow of income. Another important point of reference for the EU has also been to ensure that employees will be returned to their same exact working position or another equivalent one (in no circumstance lower) than before taking their leave. Also, it must be noted that the majority of European Union member states offer “three types of child-based leave: maternity, paternity, and parental leave” (Ray, 2008).

ii. Regional Practices
The following table intends to showcase the situation for maternity leave in the Balkans, as a basis of comparison between the Republic of Kosovo, the Republic of Albania, the Former Yugoslav Republic of Macedonia, the Republic of Serbia, and the Republic of Montenegro.¹

Table 1: Practices for Maternity Leave in Western Balkans

<table>
<thead>
<tr>
<th>No.</th>
<th>Country</th>
<th>Duration of Leave</th>
<th>Means of Compensation</th>
<th>Other comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Kosovo</td>
<td>12 months of leave in total, of which 9 paid and 3 unpaid</td>
<td>The first 6 months 70% of wage paid by employers, the following 3 months paid by the Government of the Republic of Kosovo at 50% of the average wage in Kosovo, while the last three months are unpaid</td>
<td>Majority of costs is covered by the employers (usually private sector)</td>
</tr>
<tr>
<td>2.</td>
<td>Albania</td>
<td>365 days of paid leave</td>
<td>80% of average wage for leave taken prior to childbirth and 150 days after; and 50% of the average wage for the remainder of the period</td>
<td>Costs are covered by the Government</td>
</tr>
<tr>
<td>3.</td>
<td>Former Yugoslav Republic of Macedonia</td>
<td>9 months of leave for one child, while 12 months are eligible if the pregnancy involves more than one child (twins, triplets, etc.)</td>
<td>The whole leave is paid</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Serbia</td>
<td>365 days for the first and second child; two years for a third and a fourth child are possible.</td>
<td>100% of the average wage for 26 weeks, 60% for the following weeks until week 39; and for the remainder 30%</td>
<td>Costs are covered via the Social Security Maternity Leave, Employer Liability Paternity Leave</td>
</tr>
<tr>
<td>5.</td>
<td>Montenegro</td>
<td>365 days of paid maternity leave</td>
<td>100% paid</td>
<td>Government Social Security pays for the expenses</td>
</tr>
</tbody>
</table>

iii. Legal basis in the Republic of Kosovo

¹ The information provided in this table has been extracted from the relevant laws of the countries, which can be found under ‘Bibliography’ at the end of this paper.
In the postwar period, in 2001 initially, the legal basis that regulated the relationship between employers and employees was the UNMIK Regulation No. 2001/27 on the Basic Labor Law in Kosovo. It should be noted that due to the importance of the topic it addressed, the former was the only UNMIK regulation that referred to a law. As regards handling of maternity leave, Article 19 of this regulation addressed the issue as follows: “Women employees are entitled to at least 12 weeks of paid maternity leave after childbirth. This leave is considered as working period and is paid from the employer by no less than two-thirds of the woman employee’s income.” (Regulation No. 2001/27 on the Basic Law on Labor in Kosovo, 2001, p. 13). The article itself was to a large degree ambiguous. First, this regulation was in line with the Organization for Economic Cooperation and Development (OECD) and International Labor Organization (ILO) standards, whereby parental leave threshold was initially 12 weeks, while now it is at least fourteen weeks. The second part of article 9 that sets forth the obligation for some sort of compensation follows the ILO standard of at least two-thirds of employee’s income. Still, the actual rates of compensation are left in the discretion of the employers. Considering the lack of written contracts of employment (a trend that continues) this and other articles of the regulation were overlooked to a large extent.

Collective Agreements are a means for collective bargaining between the social partners, namely employers, employees, and the government. These agreements are allowed by law in three levels: national, branch, and enterprise level, within the Republic of Kosovo. The General Collective Agreement that entered into force in 2005 had further specified the provisions for maternity leave. Article 23 of this collective agreement states that the first three months of the maternity leave are paid in full (100%) by the employer, the following three months are covered by the Government Fund for Protection of Maternity. Another three months are available for the employees to work part time with a reduced wage.

When the Law No. 03/L –212 on Labor in the Republic of Kosovo has been approved by the Assembly on December 2010, the provisions on maternity leave set forth in the UNMIK regulation No. 2001/27, were replaced by those introduced with the new Law.

**Article 49**

**Maternity Leave**
1. An employed woman is entitled to twelve (12) months of maternity leave.

***

3. First six (6) months of maternity leave, the payment shall be done by the employer with the compensation of seventy percent (70%) of basic salary.

4. The following three (3) months, the maternity leave shall be paid by the Government of Kosovo with the compensation of fifty percent (50%) of average salary in Kosovo.

5. The employed woman shall have the right, upon this Law, to extend her maternity leave also for other three (3) months without payment.

***

As can be seen from the box above, according to the Law on Labor, women employees are entitled to one year maternity leave, with the majority of the costs being born by the employers (six months, 70% of the employee’s wage). However, the law foresees for the government to compensate employees by only 50% of the average salary in Kosovo. It should be noted, that the average salary in the country has varied from around 250 EUR in 2010 to around 450 in 2015 (Kosovo Average Monthly Wages 2010-2015). In light of this, GAP Institute for Advanced Studies had identified in 2011 two main issues that are likely to arise from Article 49 of the Law on Labor. First, according to GAP, the provision will lead to financial difficulties (hence also difficulties in implementation), and second, businesses will feel to have been unfairly treated in comparison to the Government (GAP Institute for Advanced Studies, 2011).

The Law on Labor foresees the implementation of more specific (executive) provisions via sublegal acts. The following acts are of a specific importance in regards to maternity leave provisions:

- **Administrative Instruction No. 07/2014 for Regulation of Compensation Administrative Procedures for Maternity Leave Paid by the Government:** regulates the bureaucracy behind application for and payment of the maternity leave by the government. It should be noted that the same provisions are valid for foreign citizens working in the Republic of Kosovo. In addition, it should be kept in mind that this AI is not the first one to regulate the issue at hand. There have been two other documents repealed by this AI: **Administrative Instruction No.05/2011 for Regulation and Definition of the Administrative Procedures for Financial Payment for Maternity Leave** and **Administrative Instruction No. 15/2011, on Amendment and Supplementation of**
Administrative Instruction No. 05/2011 for Regulation and Definition of the Administrative Procedures for Financial Payment for Maternity Leave

- Administrative Instruction No.07l2012 for Determination of Fines and Specific Amounts for Violation of the Provisions of Labor Law: defines that the penalties for businesses that violate provisions of maternity leave vary from 100 EUR to 10,000.00 EUR.

Considering that maternity leave is a sensitive topic, and given the high unemployment levels that Kosovo faces today, it is of utmost importance to consider it through different lenses. Throughout this research project, regional and international best practices have been analyzed in offering recommendations to amend the situation. The following sections of the paper will argue on the topic from both the perspective of the employers as well as the employees.
III. Methodology

As the purpose of this research paper is to analyze the effects that the Law on Labor, particularly Article 49 on maternity leave, have on private sector development and the employment of women in Kosovo, both quantitative and qualitative research will be utilized for data collection. On the one hand, a survey-based questionnaire has been conducted with businesses across Kosovo to comprehend the nature and degree of impact that maternity leave provisions have had on them. On the other hand, semi-structured interviews have been conducted with representatives of government institutions and civil society organizations regarding trends on the position of women in the labor market in Kosovo. The following sub-sections of this chapter explain in more detail the two abovementioned research methods used for purposes of this study.

i. Survey-based Questionnaire

As regards quantitative data collection methods, this paper builds upon information collected by businesses via a survey-based questionnaire. That is, because the first aspect of the paper focuses on the impact that maternity leave provisions have in the business community in Kosovo. The survey results present a more detailed viewpoint of Kosovo businesses on this matter.

The primary data in this research paper has been collected via a survey conducted with a sample of 100 businesses. Location wise, the territorial organization of the Tax Administration of Kosovo (TAK) has been used as a guide to geographical spread of the sample. As such, businesses operating in the following regions of the Republic of Kosovo were surveyed: Prishtina, Gjilan, Peja, Ferizaj, Mitrovica, Gjakova, and Prizren. In order to ensure representativeness, the sample distribution across these regions was done proportionately with the relationship between the total number of active businesses and the number of businesses actively operating in each region. For instance, if 43% out of the total active businesses in Kosovo operate in the region of Prishtina, then 43% of businesses surveyed come from this region. As regards other specificities of the sample, they have been entirely left to be randomly selected by the surveyors. Table 2 presents the geographical sample distribution, while the survey has been presented under Annex 1 of this paper.

<table>
<thead>
<tr>
<th>No.</th>
<th>Region</th>
<th>Sample distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Prishtina</td>
<td>42 %</td>
</tr>
<tr>
<td>2.</td>
<td>Gjilan</td>
<td>9 %</td>
</tr>
<tr>
<td>3.</td>
<td>Peja</td>
<td>10 %</td>
</tr>
<tr>
<td>4.</td>
<td>Ferizaj</td>
<td>11 %</td>
</tr>
<tr>
<td>5.</td>
<td>Mitrovica</td>
<td>7 %</td>
</tr>
<tr>
<td>6.</td>
<td>Gjakova</td>
<td>8 %</td>
</tr>
<tr>
<td>7.</td>
<td>Prizren</td>
<td>13 %</td>
</tr>
</tbody>
</table>

Table 2: Regional sample distribution
It should be noted that due to difficulties in data gathering, the response rates have been lower than estimated. This is particularly due to a perceived lack of information from the business' side and an inclination for them to answer questions.

**ii. Semi-Structured Interviews**

With the purpose of exploring the position of women in the labor market, the employment trends, and their employability, qualitative data collection has been pursued with representatives of government institutions and the civil society. More specifically, three semi-structured interviews have been conducted with the aforementioned interviewees. Interview questions that can be found under Annex 2 of this paper have been used as a guiding principle for data collection. Nonetheless, additional information has been gathered on an ad-hoc basis from the interviews, as the latter have not been entirely structured in their nature. The following list includes the representatives of institutions interviewed for purposes of this paper:

- Ministry of Labor and Social Welfare
- Prishtina Regional Employment Office
- International Women’s Organization

**IV. Analysis of Results**
The qualitative and quantitative data gathered from research conducted as part of this project has yielded several valuable information that sheds light on maternity leave provisions in Kosovo. The broader impacts on private sector development and the position of women in the labor market have been dissected in the following five issues: (i) Legal Basis; (ii) Duration of Maternity Leave; (iii) Compensation Structure; (iv) Financial Impact on Private Sector; and (v) Employment of Women.

i. **Legal Basis**

As stated above, the Law on Labor offers a solid basis for the regulation of the employee-employer relationship. In this regard, apart from being drafted in compliance with the EU Acquis, the Law provides for an equal treatment of workers in the workplace, while ensuring that all strata of the society are equally favored in the workplace. Given that this law is a very important piece of legislation for the business community, the respondents of the survey seem to be well-informed about its provisions. In this regard, 39% of respondents declare that they are very informed on the Labor Law, 43% claim to be informed, 16% are somewhat informed, while only 2% are not informed at all. This suggests that the respondents are opinionated on the Law on Labor overall. Based on the survey results, as depicted in Figure 1, 41% of the respondents agree that the Law on Labor properly regulates the employer-employee relationship, with an additional 30% believing that the Law favors employees.

![Figure 1: Respondents' opinion on the Law on Labor](image_url)
As regards the provisions on maternity leave, all respondents show at least some basic knowledge on these provisions, whereby 25% of the respondents claim to be at least somewhat informed, with the other 75% being either informed or very informed on the topic. While, considering the respondents’ opinion on the maternity leave provisions regulated by law, they seem quite divided, as 34% claim that the maternity leave provisions offer a good basis for the protection of mothers, while another 30% claim that the compensation structure is very costly for employers. Figure 2 shows a more detailed description on respondents’ opinions on the maternity leave provisions. It should be noted that around 4% of those surveyed have provided different responses, including stating that the maternity leave is very short, and that in reality, in private sector the leave is not more than three months long. This paves the way for another point raised especially by the country director of an international women’s organization operating in Kosovo. In a semi-structured interview, the country director claimed that in paper, the Law is a very good piece of legislation which has been enacted with the purpose of rooting out the discrimination posed against women and the prevailing patriarchal principles that prevail in the workforce as well. Nonetheless, she purports that the implementation of the law lacks behind, with the Labor Inspectorate not supervising the implementation as needed. Difficulties in implementation, especially in private sector, have also been targeted by 30% of respondents as a difficulty in terms of the Law on Labor (under Figure 1).

![Figure 2: Respondents' opinion on the maternity leave provisions](image)
An interview conducted with the Regional Employment Office in Prishtina, has shed light on another important issue in terms of the legislation which treats the compensation paid to employees by the Government of Kosovo. According to a representative of this institution, those who are employed in the branches of international and embassies organizations operating in Kosovo, are not eligible to receive payment in the time they are on leave, while their employers are still obliged to pay them (Prishtina Regional Employment Office, 2015). For foreign organizations that come to Kosovo mostly on humanitarian missions, to offer structural assistance, and foreign aid, such a treatment poses a discouragement for them to expand their operations and employ women in Kosovo. Moreover, one could also argue that this is a violation of the principle of equality and non-discrimination of people (and employees) that are also ingrained in the Constitution of the Republic of Kosovo.

**ii. Duration of Maternity Leave**

The business associations in Kosovo have been quite vocal in voicing their concerns regarding maternity leave provisions, including here the duration of such a leave in Kosovo. Based on their concerns, the maternity leave provisions go against principles of empowerment of private sector, while also placing a barrier in terms of employment of women. In this regard however, Figure 2 shows that only 4% of businesses surveyed think maternity leave is too long. This provision is an indicator that private sector’s issues with maternity leave could lie elsewhere, and not in its length.

![Figure 3: Proposals on the duration of maternity leave](image-url)
In order to better understand their views on the length of the leave, those respondents that claimed the leave to be too long were asked on their proposals on the issue. In this aspect, 47% claimed that maternity leave should be 9 months, while only 7% proposed for it to be 3 months. This further suggests that the duration of maternity leave does not pose a problem for businesses. Interestingly, though, around 14% of respondents have proposed for the duration of the leave to be left on the discretion of the employer and employee to decide. While this provides for a better case-to-case handling of the situation, in a country with high unemployment rates such as Kosovo, where we can consider every employer quasi-monopsonistic, it might place more discretion on the hands of the employer, rather than the employee, in determining how long the leave ought to be.

Placing this particular issue in a regional context, we can understand that in general there is a common understanding within the Western Balkan countries, whereby apart from FYROM, all other countries offer a one year maternity leave. To a certain extent, this may be attributable to the fact that all these countries have a socialist past, having been at a certain point in time, under a socialist regime.

iii. Compensation Structure

The main opponents of the current compensation structure of maternity leave (i.e. private sector representatives) have made their cases around the fact that maternity leave provisions pose large costs to the private sector, and hence deprive it from development (Zeka & Hapciu, 2012). Hence, the respondents who purported that maternity leave is costly for employers were also asked on their opinion on how long the leave ought to be. With 40% of employers claiming that employees should be paid their full wage while on leave, and the other 38% claiming that employees should receive 50% of their wage. This indicates that employers indeed value the contribution that their employees have produced for the company, and are indeed willing to continue paying them while they are on leave. From her experience with women in Kosovo, the country director of the international women’s
organization has also pointed out that paid maternity leave strengthens the relationship that women have with the workplace and can, as such, even increase their motivation to return to work and further improve their position in the workforce.

Opinions become less divided, however, when the discussion diverts towards the costs of maternity leave for employers. While a good portion of the respondents from the private sector agree that their employees should receive some sort of compensation, the majority of them – or more specifically 72.2% - assert that the costs should be shared between the government and the employer, at a 50%-50% rate.
According to a report from GAP Institute on the Law on Labor, the effects of current payment structure of leaves on maternity leave are felt more in the private sector (GAP Institute for Advanced Studies, 2011). According to the same report, in 2010 out of a total of around 235,000 Kosovo Pension Savings Trust (KPST) contributors, 70,367 employees are from the public sector and 164,362 from the private sector. Out of these two amounts, 26,771 is the number of women working in the public sector, and 33,000 those on the private sector (GAP Institute for Advanced Studies, 2011). This further indicates that the burden of payment is stronger in the private than public sector.

Bearing this in mind, the American Chamber of Commerce in Kosovo and the Kosovo Chamber of Commerce have issued a joint position paper, proposing that the current length remains the same, while the structure of compensation which is 6+3+3 changes to 4.5+4.5+3. This means, that instead of the current system whereby the first 6 months are paid 70% by employer, 3 following months 50% of average wage by Government, and 3 final months are not paid, be changed into 4.5 months plus 4.5 months paid by government then employer respectively, at 50% of employee’s wage – while last three months remain unpaid. According to them, in addition to improving the situation in terms of costs, this also ensures that the private sector is not discriminated and is placed on both parties equally. To add to this, in 2012 a female member of Kosovo Assembly who was also part of the Parliamentary Group of Women Deputies, said that the state – and not private sector - should bear the burden of natality. According to her, if the Government cannot bear all costs, it should at least ease those of the private sector to the largest extent possible (Group of Kosovo Assembly Women Deputies, 2012).

iv. Financial Impacts on the Private Sector
In addition to what has been elaborated above, this section of the paper intends to specifically address the financial impact on a firm level. In this direction, regardless of what was stated above, the data from the survey indicate that indeed from the approval of the Law on Labor, it has been the private sector that has at large carried the [financial] weight of the natality in the country. In this regard, as shown in Figure 6, around 40% of the respondents claimed that they did compensate their employees as per the provisions of the Law. On the other hand, approximately 34% claimed that they compensated their workers' absence at rates that were negotiated between the employer and the employee. This again emphasizes what has been stated by the country director of the international women's organization: that the lack of implementation of the law is an even larger issue than the provisions of the law itself.

![Pie chart showing percentages of respondents' compensation practices](image)

**Figure 6: Whether employees were paid while on leave**

According to Thévenon and Solaz, many employers agree with the idea of additional costs for employees as they are balanced with the longer term benefits from the return on investments for those employees (Thévenon & Solaz, 2013). Such investments are usually in the form of continuous professional education, training, as well as the initial hiring costs. Hence, in certain cases it becomes more economically viable to compensate workers on maternity leave, rather than dismiss the latter and recruit new employees.

It must also be noted, that in addition to financial costs, other challenges are caused by maternity leave provisions at the firm level. In this aspect, the absence of an employee is also translated into losses in efficiency for firms, who usually struggle in covering for the jobs of those who are on leave. Figure 7, depicted below shows that for around 36% of the respondents, the company costs have increased significantly while their employees were on leave. On the other hand, another 34% of those surveyed, have claimed that the costs in their companies have remained the same. While the increase
in company costs can be associated to hiring additional workers, and i.e. paying two wages for the same position, unchanging costs indicate that the companies either: (1) did not compensate their employees who were on leave; or (2) did not pay those covering for the position of the latter.

Surprisingly, 4.5% of the respondents purported that their company costs have decreased while their employees were on leave, suggesting that they neither paid the employee on leave, nor engaged others to complete the remaining work – i.e. the position was simply left uncovered for.

Figure 7: Financial Impacts at the firm level  

v.  Position of Women in the Labor Market

Similar to all other social policies, guaranteed maternity leave has been designed under the expectation of yielding positive results, and ultimately increasing the [female] labor supply (Thévenon & Solaz, 2013). Nonetheless, in practice the products of such policies depend at most on how employers react towards them, and how other workplace factors are combined. In order to understand the tendency to employ women based on their future pregnancy prospects, respondents were asked to rate prospective employees based on this criterion. As can be seen in Figure 8, women who are not likely of being pregnant have the highest potential of being hired, while as the prospects for pregnancy increase, the likelihood of being employed decrease, while they hit the lowest levels for pregnant women.
Figure 8, further indicates that employers associate pregnancy with higher costs and ‘loss’ of women employees from their companies. This has, in turn, caused for an increased apprehension within the business community of hiring women, consequently leading to a negative bias towards their employment. Kosovo unemployment data presented in figure 9, show that women have consistently marked higher levels of unemployment than men. It is to be noted that the data pertain to years 2012-2014 only, as labor market surveys were not conducted by Kosovo Agency of Statistics in 2010 and 2011. Nonetheless, the data are quite a clear reflection of what can be encountered in the formal sector of the economy as regards employment, but they fail to take into account the phenomena of the grey economy.

In this regard, according to a report from World Bank titled “Unlocking Growth Potential: Strategies, Policies, Actions-Kosovo; A Country Economic Memorandum” about 27 to 30% of Kosovo’s GDP remains in the informal sector (World Bank, 2010). Moreover, if the issue is considered from the employment perspective, the same report indicates that in 2008, informality in employees amounted to 67%, out of which 85% were women (World Bank, 2010). This adds to the argument that while the formal sector is performing well in regards to respecting maternity leave provisions, the informal sector continues to dominate the Kosovo economy. In light of this, if employers and employees prefer not to pay taxes and pension contributions, it indicates that they will also be apprehensive of implementing maternity leave provisions.
Some other issues that arise for women who have made use of their maternity leave also include a decline in skills due to a long disconnection with the labor market and reduced incentives to return to work, due to low pay and lack of childcare facilities. According to a report by Kosova Women’s Network on budgeting practices for social welfare, around 56% of economically inactive women reported to being inactive as a result of lack of care facilities and due to being engaged in housework (i.e. caring for the home and family) (Morina & Farnsworth, 2015). This has further worsened the position of women in the labor market, whereby they continue to prevail over men in terms of unemployment data.
V. Conclusions

All in all, the results of this research project indicate that several flaws exist within the system as regards maternity leave protection in the country. First and foremost, lack of implementation of the law seems prevalent, as both identified by the respondents of the survey and the information gathered via the interviews conducted as part of this study. This indeed indicates that the source of the problems created in the field is the legislation itself. Proper lack of enforcement mechanisms is another challenge towards the achievement of the goal behind the Law on Labor and maternity leave provisions. In this aspect, the absence of paid leave offered by the government for employees of international organization is also very worrying.

In addition, information gathered from employers directly indicates that while compensation fees for employees on maternity leaves are considered high and costly, in general employers are willing to bare these costs. Nonetheless, this is only valid in cases that the government is ready to match their costs or cover parts of it. In this aspect though, it is to be noted that business associations have claimed, on behalf of their members, that the Law on Labor presents challenges to the development of private sector in the country. Given that chambers of commerce are usually very well informed about the situation in the field, this suggests that respondents might have lacked information about the severity of the issue and that the latter may present challenges to the development of companies.

Other findings of the study, particularly extracted from interviews with representatives of women’s organizations, suggest that the position of women in the labor market has not improved, despite that this was the purpose of the law. The same representatives, have also stated that many women actually suffer from dismissal while being on leave or upon it being known that they will make use of this opportunity. This is very concerning for a patriarchal society such as Kosovo as it only deteriorates the position of women. To complement this, the reluctance of employers to employ women who are more likely of being pregnant than those who are not is also concerning. All in all, we can clearly state that no significant improvement in the position of women has been recorded in this period.

In conclusion, it is quite obvious that the Law on Labor (specifically the provisions on maternity leave) require immediate action in order to amend the situation in the field and produce the necessary results. The following section outlines several recommendation alternatives to be pursued by the Government.
VI. Recommendations

It is recommended that the Government of Kosovo pursues the following alternatives in order to remedy the current situation in the aspect of maternity leave and its application in Kosovo, with the aim of enabling private sector development and equal employment opportunities.

i. Length and compensation structure of leave

- **It is recommended that the length of the leave remain the same, i.e. twelve months** – on the one hand, research has indicated that a strong organizational culture existing in the surveyed businesses makes them value their employees and tolerate their absence for longer periods of time. On the other hand, a maternity leave lasting 12 months is said to be beneficial to both mothers and children, especially taking into account that both ILO standards and EU Directive 92/85/EEC require at least 14 weeks of maternity leave. Thus, the length of the leave should be left untouched.

- **As regards compensation structure, both field research and regional practices have demonstrated that there is need for increased government participation.** In this regard, there are several options that can be considered. For instance, a viable option could include government taking upon a larger burden, by maintaining the current structure, but placing the burden for the initial six months to the government, and then have it transferred to the private sector. Another alternative that can be followed is that instead of the current 70%+50%-0% spread across 6, 3, and 3 months respectively, the compensation can be equally divided between the government and private sector in 4.5, 4.5, and 3 months at a 50%-50%-0% compensation structure, respectively. All in all, the government should undertake more costs and allow room for the private sector to grow while keeping the employment chances of women at an equal point with those of men.

ii. Legislative and institutional aspect:

- **Better implementation of the law by responsible authorities is required** - While the current law might not present the best legislative option possible, it should be acknowledged that the former offers a basis for protection of women and mothers in particular. In this regard it is important to implement the law properly and fully.
- **Raising the capacities of supervisory institutions, such as the Labor Inspectorate** - research indicated that the Labor Inspectorate does not possess the necessary human or institutional capacities to cover the activities in the employment sector.

- **Amendment of the current law to refer to maternity leave as *parental leave*** - Another issue raised in regards to the current law is also that it refers to maternity leave (and mothers) exclusively. In order to pave the way for a proactive approach towards the equal treatment of women and men, it is important to refer to this leave as *parental leave*.

- **Amendment of the current law to enable its application for employees of international organizations in Kosovo** - as a result of a legal gap left in the Administrative Instruction for Regulation of Compensation Administrative Procedures for Maternity Leave Paid by the Government, the latter does not specify how employers of international organizations in Kosovo are compensated from the government, if at all. Employees working in such organizations are entitled to compensation from the Government of Kosovo, as the workers are citizens of Kosovo; henceforth this issue ought to be addressed with an amendment to the AI in question.

All in all, it is expected that the abovementioned recommendations will improve the current situation in the field by producing the desirable effects both in terms of alleviating the burden on the business community and strengthening the position of women in the labor market in Kosovo.
VII. Bibliography


Republic of Montenegro Labor Law. (n.d.).


This survey is intended to serve as a method for primary data collection to be used for purposes of a capstone project on the ‘Provisions of Maternity Leave in Kosovo: Impact in Private Sector Development and Employment’, being conducted by Nida Krasniqi, senior student at AUK, as part of the Honor Society Program.

The purpose of the study is to gain information on the impacts that the provisions for maternity leave specified under Article 49 of the Law on Labor in Kosovo, have in the private sector development and the employment of women. Moreover, this study also aims at drawing conclusions and recommendations on whether the provisions for maternity leave should be modified, and if so, in what manner.

The information you will provide in this survey is strictly confidential and will solely be used for purposes of this study.

In case you do not feel comfortable answering in any of the questions, please let the data collector know and feel free to stop at any time.

Prior to proceeding, please complete and sign the consent form attached in the following page.
Title of Project: Provisions of Maternity Leave in Kosovo: Impacts in Private Sector and Position of Women in Labor Market

Principal Investigator: Nida Krasniqi, AUK Student
Shpetim Robaj, n.n.
10000 Prishtina, Kosovo
049-331-731; nidak@auk.org

You must be 18 years of age or older to take part in this research study. If you agree to take part in this research study and the information outlined above, please sign your name and indicate the date below.

You will be given a copy of this form for your records.

______________________________________________  _________________________
Participant Signature                         Date

______________________________________________  _________________________
Person Obtaining Consent                      Date
Annex II – Survey

1. Company:

   __________________________________________

2. Location:
   a) Prishtina  
   b) Gjilan  
   c) Peja  
   d) Ferizaj  
   e) Mitrovica  
   f) Gjakova  
   g) Prizren

3. Total Number of Employees:
   a) 0-10  
   b) 11-50  
   c) 51-100  
   d) Over 100

4. Number of Women Employees:

   __________________________________________

5. Number of women in senior executive positions (e.g. executive directors, CEOs, general managers, etc.)

   __________________________________________

6. Industry

   a) Manufacturing  
   b) Tourism, hotels, traveling  
   c) Construction and real estate  
   d) Banks and financial sector  
   e) Business consulting
f) Education
g) Medicine and pharmaceuticals
h) IT
i) Legal services
j) Media and marketing
k) Trade (retail and wholesale)
l) Other (please specify)

7. How informed are you about the Law on Labor in the Republic of Kosovo?
   a) Very informed
   b) Informed
   c) Not so informed
   d) Not informed at all

8. What is your opinion on the Law on Labor in Kosovo?
   a) The Law on Labor regulates the employer-employee relationship properly
   b) The Law on Labor favors employees
   c) The Law on Labor favors employers
   d) It is difficult to implement the Law on Labor in private sector

9. How informed are you about the maternity leave provisions in the Republic of Kosovo?
   e) Very informed
   f) Informed
   g) Not so informed
   h) Not informed at all

10. What are your opinions on the maternity leave provisions in the Republic of Kosovo?
    a) Maternity leave is very long in Kosovo
    b) Maternity leave compensation structure is very costly for employers
    c) Maternity leave provides a good basis for protection of mothers
    d) The length of maternity leave in Kosovo is acceptable, but the costs are high
    e) Other (please specify)______________________________________________

   **If respondents choose A**

10.a How long would you propose for the maternity leave to be?
a) 9 months  
b) 6 months  
c) 3 months  
d) Should be left on the discretion of the employer and employee to decide  
e) I do not know

*If respondents choose B or D*

10.b.d. How would you propose the compensation structure to be (1) and who should be paying (2)?

(1)

a) Employees should not be paid at all  
b) Employees should be paid their full wage while on leave  
c) Employees should be paid 50% of their wage  
d) Employees should be paid the average wage in Kosovo  
e) I do not know, but I think that the current structure should be changed

(2)

a) Maternity leave should not be paid  
b) All should be paid by the government  
c) All should be paid by the employer  
d) Employer and the government should share the costs 50% - 50%  
e) Other (please specify) ____________________

11. At a certain point in the past, did any of your employees make use of the maternity leave?  

a) Yes  
b) Yes, some of my employees used maternity leave  
c) Yes, the majority of my employees have used maternity leave  
d) No

12. Did your company compensate the employee while being on leave?  

a) Yes, as per the provisions set forth in the Law  
b) Yes, but the amount of compensation was negotiated  
c) No  
d) I refuse to answer

13. How did your company replace the employee on leave?  

a) We asked other employees to share the work
b) We asked for one employee to work overtime to cover the work
c) We hired a new employee
d) The position was left uncovered for
e) I refuse to answer

14. What is the impact of maternity leave provisions on your company costs?
   a) Our costs have significantly increased while one or more employees were on maternity leave
   b) Our costs did not change while one or more employees were on maternity leave
   c) Our costs have decreased while one or more employees were on maternity leave
   d) I refuse to answer

15. Based on your experience are you likely to employ women who have a high potential of becoming pregnant or women who are pregnant?
   a) Yes, we are willing to employ women who are pregnant or have the potential of being so in the future
   b) We are willing to employ women who have the potential of being pregnant, but not those who are pregnant
   c) No, we would not be willing to employ women who are pregnant or have the potential of being so in the future
   d) I refuse to answer
Annex III – Interview Questions

Interview #1

1. As an inspectorate, how do you ensure the implementation of the law on labor?
2. Do you receive complaints on maternity leave, how many cases?
3. Who usually raises the cases?
4. What are the usual violations related to maternity leave?
5. How the cases are solved/what are the proceedings?
6. What do you think that you as an institution can do to increase the implementation of the law?

Interview #2

1. What is your opinion on the Law on Labor?
2. What is your opinion on the maternity leave provisions in Kosovo?
3. Do you think that the Law on Labor has affected the position of women in labor market? If yes, how?
4. On your daily work, did you encounter any issues with the Law on Labor? If yes, please elaborate.
5. Do you have any recommendations in regards to this law?

Interview #3

1. What is your role in terms of applications of maternity leave provisions?
2. Do you receive applications on a regular basis?
3. How many applications?
4. Which sectors benefit more, public or private?
5. What is the position of international organizations?