

# **Fairwork Serbia Ratings 2021: Labour Standards in the Gig Economy**

## **Executive Summary**

The platform economy in Serbia is a flourishing phenomenon that offers altered consumption opportunities and alternative work arrangements strongly embraced in the context of high entry barriers into the labour market. This report is a result of the first Fairwork research in the country and represents the set of ratings against five Fairwork principles of the most prominent digital platforms in Serbia – Glovo, Wolt, CarGo and Uradi-zaradi. The Fairwork project is currently operating in 26 countries across 5 continents with the aim to envision and build a fairer future of work. The Fairwork project is based at the Oxford Internet Institute and the WZB Berlin Social Science Centre.

The platform economy is not a new phenomenon in Serbia, and yet it earned full recognition only since the outset of the COVID19 pandemic prompting users in urban areas to overwhelmingly embrace new transportation and food delivery habits.

Indeed, the pandemic stimulated the growth of digital work platforms, riding high on the overall growth of e-commerce in the country and the change of the public policies and relevant practices in providing positive conditions for platforms to deliver a wide range of products from restaurants and shops to supermarkets and pharmacies. On the labour supply side, the platform growth was aided by a strong interest in digital platform work which came as a result of the structural characteristics of the Serbian labour market marked by high entry barriers for the younger population cohort as well as the significant informal employment rate. For many workers, platforms represented a step forward in finding viable working solutions that offered decent pay and a high degree of flexibility outside the regular labour market.

The majority of platform workers in Serbia are well educated, experienced men aged between 30 and 40, coming from the local population. That said, the trend of women's engagement in delivery work has been increasing lately. Currently, platform workers are either self-employed or engaged through intermediary agencies/limited liability companies. The testimonies from the field clearly indicate that the majority of the platform working arrangements are fraught with irregularities which deepened the precarious position of platform workers.

Although platform work in Serbia is recognised as a novel labour market phenomenon that increasingly attracts workforce, this is still an under-researched field. The existing research on platform work in Serbia comes from very few independent research organisations only. The present report, thus, intends to fill this gap. It is a result of a year-long Fairwork pilot project in Serbia that examines the current situation of the country's platform economy against five Fairwork principles which will be updated on a yearly basis. By raising awareness of the conditions of the platform work in Serbia, Fairwork aims to assist the workers, consumers, platform management and policy-makers in making platforms accountable for their practices, while indicating areas for improvement in order for decent work conditions to be achieved. In this respect, four digital platforms have been examined in Serbia – Glovo, Wolt, CarGo and Uradi-zaradi. The platforms' scoring reveals that there is much to be done to ensure fairness in the Serbian platform economy. This particularly refers to creating a fair legal environment for platform workers that will enable fair work conditions, regulate fair representation and contribute to increased workers' protection and safety.

## **Key findings**

While ratings of the platforms show potential for achieving certain Fairwork standards, there is room for considerable improvements if Fairwork principles are to be fully achieved. The highest-scoring platforms achieved four points (Wolt and Uradi-zaradi), one scored three points (Glovo) while the only ride-hailing platform, CarGo did not score any points.

**Fair Pay:** Most platforms were able to evidence that their workers earn at least the minimum hourly wage after costs. Additionally, two platforms – Wolt and Uradi-zaradi were able to provide evidence that workers are paid at least the living wage after costs.

**Fair Conditions:** Two of the four platforms analysed (Wolt and Glovo) were able to document steps towards protection of workers from task-specific risks, while Wolt also provided evidence about active development of a safety net and improvement of working conditions beyond task-specific risks. The two platforms have clear policies and practices to protect workers from work-related risks that include accident and Covid-19 insurance that shields workers from income loss while on sick-leave. Both platforms were able to document the provision of health and safety equipment to workers.

**Fair Contracts:** Only Uradi-zaradi was able to provide evidence about clear and transparent contractual terms and conditions accessible to workers at all times including a specified timeframe for informing workers of potential contractual changes.

**Fair Management:** Two out of four platforms – Glovo and Uradi-zaradi evidenced clear communication channels allowing workers to interact with a human representative of the platform either through the app, phone, e-mail, or in person. They proved the existence of a formalised process for workers to appeal decisions resulting in penalties or disciplinary actions even when they no longer have the access to the platform.

**Fair Representation:** The principle of fair representation was not achieved by any of the platforms we analysed. There was neither evidence the platforms assured freedom of association and the expression of collective workers' voice, nor that they had developed policies that recognise and encourage the establishment of a collective workers' body. This leaves platform workers in Serbia with no formal mechanism in place to represent and protect their rights.

## **EDITORIAL - Trick Mirror: The deceptive world of platform work in Serbia**

At first sight, things are day by day getting better in the world of platform work in Serbia. In recent years, the contractual arrangements of platform workers seemingly improved; moreover, two major delivery platforms - Glovo and Wolt - introduced accident insurance for workers, which gave the impression that a giant step forward had been made in safeguarding workers from income loss while on sick leave and in a vulnerable position. Combined with decent pay and flexibility this form of work became an attractive alternative to jobs with strict working times and schedules.

But nothing is as it seems at first glance. The testimonies from the field indicate that the majority of the platform working arrangements are filled with irregularities, which deepened the precarious position of platform workers. In Serbia, platforms that engage platform workers are not employers. Instead, platform work is regulated through "partnership agreements" between the digital platform and third parties creating two possibilities for engagement in platform work: either as self-employed and/or through intermediary agencies/limited liability companies (LLCs). Very often the flexible forms of employment such as temporary, part-time, occasional employment contracts, and employment contracts through intermediaries as is the case here, are abused by employers. Legal regulations, already deficient, are interpreted too broadly and arbitrarily by them. This practice of breaching is tolerated by state bodies, so these forms of work are becoming more prevalent and labour and social rights of those involved are becoming seriously violated. Weak labour inspection further contributes to the gravity of the situation, failing to ensure that employers comply with the existing legislation.

When it comes to accident insurance, the interviewees highlighted the grey zone which may potentially lead the platforms to avoid paying the insurance to workers. Namely, the Law on Pension and Social insurance allows employers to deregister workers when the contract is ceased within three days, also retrospectively. When a worker reports an accident to the platform, the LLC (under the guidance of a platform) can use the opportunity to deregister the worker one day before the reported accident, which makes the worker lose his right to insurance coverage, alongside his or her work. As the evidence shows workers are in most cases poorly informed when it comes to understanding their legal rights, so a further inquiry is needed to understand if this is only consideration or a widespread practice.

Besides, those in platform work share some of the common challenges intrinsic to new forms of work such as economic and social insecurity, and limited access to skills development. In Serbia all the rights and benefits are reserved for individuals in standard employment, leaving platform workers out of that welfare circle. These characteristics certainly have legal, economic, and social implications that require new solutions regarding new forms of work, to which platform work also belongs. This first Fairwork report, thus, points to these gaps. The platforms' scoring reveals that there is much to be done to ensure fairness in the Serbian platform economy. The most important step in this endeavour is to create a legal environment in which things are really as they seem and not the deception as they are often now.

### **Fairwork Serbia Team**

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## **The Fairwork Framework**

Fairwork evaluates the working conditions of digital platforms and ranks them on how well they do. Ultimately, our goal is to show that better, and fairer, jobs are possible in the platform economy.

To do this, we use five principles that digital platforms should comply with in order to be considered to be offering 'fair work'. We evaluate platforms against these principles to show not only what the platform economy is, but also what it can be.

The five Fairwork principles were developed at a number of multi-stakeholder workshops at the International Labour Organisation. To ensure that these global principles were applicable in the Serbian context, we then revised and fine tuned them in consultation with platform workers, platforms, trade unions, regulators, academics, and labour lawyers.

Further details on the thresholds for each principle, and the criteria used to assess the collected evidence to score platforms can be found in the Appendix.

### **The five principles**

#### *1. Fair Pay*

Workers, irrespective of their employment classification, should earn a decent income in their home jurisdiction after taking account of work-related costs. We assess earnings according to the mandated minimum wage in the home jurisdiction, as well as the current living wage.

## *2. Fair Conditions*

Platforms should have policies in place to protect workers from foundational risks arising from the processes of work, and should take proactive measures to protect and promote the health and safety of workers.

## *3. Fair Contracts*

Terms and conditions should be accessible, readable and comprehensible. The party contracting with the worker must be subject to local law and must be identified in the contract. Regardless of the workers' employment status, the contract is free of clauses which unreasonably exclude liability on the part of the platform.

## *4. Fair Management*

There should be a documented process through which workers can be heard, can appeal decisions affecting them, and be informed of the reasons behind those decisions. There must be a clear channel of communication to workers involving the ability to appeal management decisions or deactivation. The use of algorithms is transparent and results in equitable outcomes for workers. There should be an identifiable and documented policy that ensures equity in the way workers are managed on a platform (for example, in the hiring, disciplining, or firing of workers).

## *5. Fair Representation*

Platforms should provide a documented process through which worker voice can be expressed. Irrespective of their employment classification, workers should have the right to organise in collective bodies, and platforms should be prepared to cooperate and negotiate with them.

## **Methodology Overview**

Scoring platforms according to the Fairwork principles relies on a range of different data sources collected by the in-country research teams. These data include desk research, evidence submitted by the platforms and semi-structured interviews with both workers and management from each platform.

### *Desk research*

The process starts with desk research to ascertain which platforms are currently operating in the country of study. From this list the largest and most influential platforms are selected to be part of the ranking process. If possible, more than one platform from each sector (ie. e-hailing or food delivery) are included to allow for comparisons within each sector. The platforms included in the ranking process are both large international ones as well as national/regional ones. Desk research also flags up any public information that could be used to score particular platforms (for instance the provision of particular services to workers, or ongoing disputes).

The desk research is also used to identify points of contact or ways to access workers. Once the list of platforms has been finalised, each platform is contacted to alert them about their inclusion in the annual ranking study and to provide them with information about the process. All platforms are asked to assist with evidence collection as well as with contacting workers for interviews.

### *Platform interviews*

The second method involves approaching platforms for evidence. Platform managers are invited to participate in semi-structured interviews as well as to submit evidence for each of the Fairwork principles. This provides insights into the operation and business model of the platform, while also opening up a dialogue through which the platform could agree to implement changes based on the principles. In cases where platform managers do not agree to interviews, we limit our scoring to evidence obtained through desk research and worker interviews.

### *Worker interviews*

The third method is interviewing platform workers directly. A sample of 5-10 workers are interviewed for each platform. These interviews do not aim to build a representative sample. They instead seek to understand the processes of work and the ways it is carried out and managed. These interviews enable the Fairwork researchers to see copies of the contracts issued to workers, and learn about platform policies that pertain to workers. The interviews also allow the team to confirm or refute that policies or practices are really in place on the platform.

### *Putting it all together*

This threefold approach provides a way to cross-check the claims made by platforms, while also providing the opportunity to collect both positive and negative evidence from multiple sources. Final scores are collectively decided by the Fairwork team based on all three forms of evidence. Points are only awarded if clear evidence exists on each threshold.

## **Background: Overview of the Serbian Platform Economy**

Serbia has gone through decades of dramatic political and economic change, today finding itself in the group of middle-income countries. The pre-pandemic economic growth was largely due to the influx of foreign direct investment (FDI) and formation of parts of the domestic economy such as knowledge content services and mid-technology level manufacturing (metal processing, machine construction, and rubber/plastics). Serbia also benefited from the EU pre-accession financial assistance as a candidate for EU membership planned for 2025. Despite accelerated growth averaging 4.4 per cent in 2018–19<sup>1</sup>, Serbia's

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<sup>1</sup> World Bank (2021). Serbia overview. Retrieved February, 2022, from <https://www.worldbank.org/en/country/serbia/overview#1>

GDP per capita is still significantly below that of all EU New Member State (NMS) economies. As an illustration, Serbia's GDP per capita in 2021 was 24 per cent below that of Bulgaria which is one of the least developed NMS economies <sup>2</sup>.

Although unemployment in the country has declined significantly from 17,7 per cent in 2015 to 10,5 per cent in 2021<sup>3</sup>, large portions of the working-age population are engaged in low-paid and less protected jobs and are eager to switch jobs or look for a job outside of the borders of Serbia <sup>4</sup>. High level of long-term unemployment persists <sup>5</sup> as well as high barriers to entry for young workforce of whom 23,1 per cent is unemployed <sup>6</sup>. This all is combined with relatively low salaries of those employed with secondary education, despite the increase of average net salaries by 6.2 per cent in real terms in January–June 2021 compared to 2020 <sup>7</sup>.

Informal employment rate in 2021 in all activities amounted to 14.8 per cent. The prevalent form of informality is among self-employment and subsequently most platform workers are self-employed. As in many other countries, those working via platforms were offered to either register as self-employed or to work on temporary contracts via third parties. In Serbia, self-employed workers account for 23 per cent of the workforce <sup>8</sup> in comparison to the EU average of about 15 per cent <sup>9</sup>. They are also often own-account workers and nearly half of them work in the informal sector <sup>10</sup>. Self-employment is linked to increased risk of in-work poverty due to work intensity, lower levels of education, and the fact that the majority of these workers work in low-paid sectors.

Due to a significant fiscal stimulus program, Serbia, unlike many other countries, faced less severe impact of COVID-19 ending in a mild recession during the 2020-2021 pandemic

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<sup>2</sup> World Bank (2022). GDP per capita (current US\$) - Bulgaria, Serbia. [Web log]. Retrieved February, 2022, from <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=BG-RS>

<sup>3</sup> Statistical Office of the Republic of Serbia (2021). Participation, employment and unemployment rate for the population aged 15+ [Announcement No. 329]. Retrieved from <https://publikacije.stat.gov.rs/G2021/Pdf/G20211329.pdf>

<sup>4</sup> European Training Foundation (ETF). (2021). *How migration, human capital and the labour market interact in Serbia*. Turin: European Training Foundation. Retrieved from [https://www.etf.europa.eu/sites/default/files/2021-04/migration\\_serbia.pdf](https://www.etf.europa.eu/sites/default/files/2021-04/migration_serbia.pdf)

<sup>5</sup> Statistical Office of the Republic of Serbia (2021). Participation, employment and unemployment rate for the population aged 15+ [Announcement No. 329]. Retrieved from <https://publikacije.stat.gov.rs/G2021/Pdf/G20211329.pdf>

<sup>6</sup> Statistical Office of the Republic of Serbia (2021). Rates of activity, employment, and unemployment for youth 15 – 24, Q3 2015 – Q3 2021. [Web log] Retrieved February 2022, from <https://data.stat.gov.rs/Home/Result/240003010102?languageCode=en-US&displayMode=table&guid=87bb51b8-dffc-4b6c-916c-c10145747971>

<sup>7</sup> World Bank (2021). Serbia overview. Retrieved February, 2022, from <https://www.worldbank.org/en/country/serbia/overview#1>

<sup>8</sup> Statistical Office of the Republic of Serbia (2021). *Labour force survey, new methodology*. Belgrade: Statistical Office of the Republic of Serbia. Retrieved from <https://publikacije.stat.gov.rs/G2021/PdfE/G202122002.pdf>

<sup>9</sup> World bank (2021) Self-employed, total (% of total employment) (Modeled ILO estimate). Retrieved in February 2022 from: <https://data.worldbank.org/indicator/SL.EMP.SELF.ZS>

<sup>10</sup> Pejin Stokic Lj. & Bajec J. (2019). *ESPN Thematic Report on In-work poverty – Serbia*. Brussels: European Commission. Retrieved from <https://ec.europa.eu/social/BlobServlet?docId=21094&langId=en>

years.<sup>11</sup> The fiscal stimulus plan among others included tax relief and income assistance measures for companies and citizens, economic stimulus measures (e.g. loans, moratorium on debt repayments...), subsidies for certain industries such as leisure industry, and measures targeting youth and elderly, and people at risk of poverty. Thus, poverty in 2022 is projected to remain close to its 2019 level of 17.1 per cent. However, the recovery remains fragile: the recession and its aftermath have disproportionately affected women and youth, worsening their employment prospects. Moreover, poor and vulnerable households that depend more on self-employment and less-secure jobs may take longer to regain their pre-pandemic income levels. These warning signals from the labour market call for close policy attention in the post-pandemic future despite forecasted growth of 4.5 per cent in 2022<sup>12</sup>.

### **Gig economy in the national context: platforms - major sectors, workforce, trends**

In Serbia digital labour platforms emerged quietly and had been off the public radar, including regulators, for more than a decade. The first locally owned digital labour website Donesi.com, offering food delivery from restaurants, was established as early as in 2006, and was turned into an app in 2014 when it was acquired by Foodpanda. This monopoly was first dented by the entry of international food delivery platform Wolt in 2018 to the market and then Glovo in 2019. CarGo, the locally owned app for ride-sharing came into life in 2015, followed by the first on-demand home services platform Uradi-zaradi in 2016. Digital labour platforms became visible to almost everyone only thanks to COVID-19. Ride-hailing, and particularly food-delivery platforms, flourished during the pandemic when the demand for their services boomed early in 2020.

In a country in which 81, 5 percent of households have Internet and 94,6 per cent of them have a mobile phone<sup>13</sup>, users in urban areas overwhelmingly embraced a new way of purchasing meals, groceries, over-the-counter drugs, and many other items.

Although digital labour platforms are not a new phenomenon in Serbia, they remain understudied. Official statistics on the number of users, workers, sales, and costs are practically non-existent. Information on digital labour platforms has been coming only from a few independent research organisations. According to a 2020 study carried out by CENTER<sup>14</sup>, there were some 360,000 users of food delivery workers in the six Serbian urban centres. According to the current estimates by the same organisation, the number of users increased to a million as the delivery service spread to include 20 more cities in Serbia.

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<sup>11</sup> World Bank (2021). Serbia overview. Retrieved February, 2022, from <https://www.worldbank.org/en/country/serbia/overview#1>

<sup>12</sup> World Bank (2021). Serbia overview. Retrieved February, 2022, from <https://www.worldbank.org/en/country/serbia/overview#3>

<sup>13</sup> Statistical Office of the Republic of Serbia (2020). *The use of ICT technologies in the Republic of Serbia*. Belgrade: Statistical Office of the Republic of Serbia. Retrieved from <https://www.stat.gov.rs/sr-latn/oblasti/upotreba-ikt/upotreba-ikt-domacinstva/>

<sup>14</sup> Centar za istraživanje javnih politika (2020). Uspon mobilnih aplikacija za dostavu hrane i prevoz putnika: Slučaj Srbije. Retrieved from: <https://publicpolicy.rs/publikacije/155048b3b69aba23a99d05100b5990b864ac346a.pdf>

The uptake of platforms by workers came about as a result of the deficiencies of the Serbian labour market marked by high entry barriers for younger population. At the same time, platforms offered decent pay and a high degree of flexibility outside of the regular labour market. They all in their own rights contributed to the fast recognition of platform work and prompted the Serbian workers to seek solutions outside of the regular employment relationship. Serbian remote workers on global online platforms already paved the way for this trend. For a number of years Serbia has been seeing one of the world's largest per capita pools of cloudworkers on global online platforms<sup>15</sup>, with tens of thousands online freelancers (e.g. Upwork)<sup>16</sup>. Under COVID-19, the platforms also substituted emigration abroad, the migration of those with a medium and high level of education leaving the country in large numbers<sup>17</sup>.

In this report, we present the Fairwork ratings for Serbia for 2021. This research project is made up of a global network of researchers working in 26 countries across 5 continents with the aim to envision and build a fairer future of work. In our study, most of the interviewed workers praised good pay, flexibility, and independence on the digital labour platforms. They emphasised the opportunity to manage their own time, work at their own pace, and being their own boss as the most common advantages of this type of work. On the other hand, workers also pointed out their high exposure to risks of accidents and various kinds of injuries. Risk of COVID-19, although present, was somewhat mitigated by platforms which covered the cost of disinfectant gels and face masks, and in some cases also provided proportional pay if workers needed to take sick leave. Significantly, almost none of the workers we interviewed knew about rights that they have under the signed contracts or according to the Serbian Labour law. Low level of information about their contractual status among platform workers was a leitmotif across all the interviews.

## Legal context

The social protection system in Serbia was created to protect citizens in standard forms of employment. Access and entitlement to social protection are reduced for all the others engaged in non-standard forms of employment (NSFE).

In Serbia workers who work for platforms are not directly employed by them. Platform work is mostly organised through “partnership agreements” with third parties: with the self-employed on one side, and intermediary agencies/limited liability companies (LLCs) on the other. The self-employed usually pay a lump-sum tax depending on their ISIC code and

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<sup>15</sup> Otto Kässi, Vili Lehdonvirta, Online labour index: Measuring the online gig economy for policy and research, Technological Forecasting and Social Change, Volume 137, 2018, Pages 241-248

<sup>16</sup> Colovic, P., Andjelkovic, B., & Jakobi, T. (2021). *How Many Online Workers Are There in Serbia? First National Assessment of the Number of the Online Workers on Global Digital Platforms*. Belgrade: Public Policy Research Center. Retrieved from <https://publicpolicy.rs/publikacije/bac4e207bba2e8a9fa84e063c954710e02b375ce.pdf>

<sup>17</sup> European Training Foundation (ETF). (2021). *How migration, human capital and the labour market interact in Serbia*. Turin: European Training Foundation. Retrieved from [https://www.etf.europa.eu/sites/default/files/2021-04/migration\\_serbia.pdf](https://www.etf.europa.eu/sites/default/files/2021-04/migration_serbia.pdf)

geographical location and enjoy social protection benefits through fiscal arrangements. The statutory access entails health care, survivor's pensions, old-age, disability, and sickness benefits. As the self-employed are treated as entrepreneurs (sole traders), the law deprives them of access to unemployment benefits while their licence is active, accidents at work and occupational injuries benefits, paid annual leave (holiday), and maternity/paternity benefits.

Self-employed persons in Serbia also have the right to employ up to ten workers. Since a lump-sum tax burden often makes a platform job unattractive, workers form unofficial alliances whereby several of them work under the registration of one. The registered sole trader then pays other workers in cash. This arrangement keeps the latter in informal employment and strips them of the possibility of any kind of social protection benefits.

Workers usually sign standard labour contracts with limited liability companies, but only for a minimal number of working days (e.g., 2 days or 16 hours per week). In this scenario, they receive part of the contracted pay in their bank account, and the remaining amount for additional days worked is paid in cash. Given that some riders work 50+ hours, it is a considerable sum. On the other hand, if the employee works part-time with one employer, this employer pays the lowest monthly contribution base for the worker's social and health benefits, which makes considerable savings to employers. Additionally, workers' entitlements to social benefits are indexed to their official hours as contracted, so their entitlement doesn't reflect actual number of hours worked – making them worse off in that regard. Most workers who had contracts did not know exactly what type of contract they had with the employer and what rights they had under those contracts.

This has created a wealth of opportunities for abuse. For example, contracts between the platforms and limited liability companies stipulate that in case of engaging individuals other than a sole trader, the third-party contractor is obliged to provide a standard employment contract under the Serbian Employment Act. Accordingly, platforms should only accept workers for whom these contracts are submitted by the LLCs. In reality, no one - neither the platform itself nor the Labour Inspectorate - check whether these workers hold valid contracts. As reported by some interviewees, after the expiry of the contract, the third party often “forgets” to renew it. Also, some LLCs deregistered workers from the Pension and Disability Insurance Fund after couple of months. In this case, the workers continued to receive a salary, but their contributions were not paid. Some learned about this practice by chance. Lastly, most of the workers work full time or even more hours (50 or so per week), while their contract shows only 8 hours per week.

Yet most of the workers don't complain because these are the only circumstances in which they are able to earn a monthly wage that is at par or above the average wage in Serbia (700 EUR gross), and significantly more than the wage they would receive under the standard labour contract if they found a job with their level of education.

Lastly, some workers stay under the radar of legal employment because they already have a job in the formal sector or are retired. Although the Serbian Employment Act allows for additional employment contracts for supplementary work if a worker already has a part time

or full-time job,<sup>18</sup> this possibility is usually avoided due to the tax burden on both parties: the employer and employee.

In 2021, third-party contracts with limited liability companies prevailed, and the platforms prescribed that all these contractors must be registered under the ISIC Code 5320.<sup>19</sup> This is an improvement compared to pre-COVID-19 times when couriers often worked without contracts or were signing blank partnership agreements/contracts without the possibility to see the details or enjoy benefits accrued to them by law <sup>20</sup> .

However, the research findings reveal that most of the platform working arrangements are irregular. Platform workers are in a perilous legal position as they are not employed by platform companies, which either did not provide legal employment or do not provide contracts (partnership agreements) with embedded precarious characteristics. Nevertheless, platform workers in Serbia have not shown interest in exercising their labour rights through the judicial system as in other countries (Italy, Spain, etc). The majority of the workers we interviewed still preferred short-term financial gains to social safeguards and other rights guaranteed by employment contracts.

Last but not least, the Serbian legal system does not yet recognise the principle of subordination of suppliers to global lead firms within the global value chains, and the related responsibilities of each party within this structure, and treats them equally. This leaves a vast space for platforms to continue to operate without any scrutiny of their treatment of workers, using intermediary agencies to engage workers.

## Fairwork Scores

Score (out of 10)

Uradi-zaradi: 4

Wolt: 4

Glovo: 3

CarGo: 0

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<sup>18</sup> Dubajic Law (2019). Employment contract and other forms of engaging employees in Serbia. Retrieved February 2022 from: <https://dubajiclaw.rs/en/employment-contract-and-other-forms-of-engaging-employees-in-serbia/#:~:text=Namely%2C%20the%20Employment%20Act%20stipulates,of%20full%2Dtime%20working%20hours.>

<sup>19</sup> This class includes courier activities not operating under a universal service obligation and relate either to distribution and delivery of mail and parcels or home delivery services <https://siccode.com/isic-code/5320/courier-activities>

<sup>20</sup> Andjelkovic, B., Jakobi, T., Kovac, M. & Golusin, S. (2020). *A Hell of a Ride: The Prospects of Decent Work on Digital Delivery and Ride-hailing Platforms in Serbia*. Belgrade: Public Policy Research Center. Retrieved from <https://publicpolicy.rs/publikacije/d438466224abe8359006dae5dfec80fe10a71269.pdf>

The breakdown of scores for individual platforms can be seen on our website: [www.fair.work/ratings/](http://www.fair.work/ratings/)

## **Fair Pay**

Three of the four platforms (Glovo, Wolt and Uradi-zaradi) were able to document that their workers earn at least the minimum hourly wage after costs. In 2021 Serbia, the minimum net wage per hour was set at RSD 183.93 (approx. EUR 1.6). Moreover, Wolt and Uradi-zaradi got a score for the higher threshold of the Fair Pay principle, as they were able to provide evidence that workers are paid at least the living wage after costs. As a result, they have been awarded the advanced point.<sup>21</sup> The findings suggest that one of the workers' key motivations to engage in platform work in Serbia is the opportunity to earn a decent wage. This shows that the policies and practices of the half of platforms researched fully respect the Fair Pay principle.

## **Fair Conditions**

Two of the four platforms analysed (Glovo and Wolt) were able to document steps towards protection of workers from task-specific risks (the basic threshold), while only one platform (Wolt) provided evidence about active development of a safety net and improvement of working conditions beyond task specific risks (the advanced threshold). This allowed for assigning Wolt an advanced point under this principle. Glovo and Wolt have clear policies and practices to protect workers from work-related risks that include accident and COVID-19 insurance that shields workers from income loss while on sick-leave. In addition, our findings suggest that accident insurance, introduced as a risk-mitigation platform policy, entails a vast array of insurance coverage including, *inter alia*, compensation for work-related medical costs, lump sum compensation for various injuries and indemnity in case of permanent incapacity. Both platforms were able to document provision of health and safety equipment to workers. However, some workers interviewed suggested the quality of that equipment was not satisfactory. Consequently, improvements in this domain are called for. Health and safety training and regular health and security information-sharing represent common practices on both platforms. Moreover, platforms ensured that contracts with the third-parties employing the workers include provisions specifically defining the risk mitigation measures, risk prevention measures and risk assessment. In the case of Wolt, contracts with intermediary agencies also include mandatory social, health and pension benefits as per country's labour law regulations. This fact provides for creation of a wider workers' safety net which qualified Wolt for an additional score within this Fairwork principle.

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<sup>21</sup> Living wage calculator based on Anker methodology has not yet been introduced in Serbia. Therefore, our team of researchers made proxy living wage calculations based on the principles of Anker methodology and the available national statistical data including the average market basket (equivalent to the cost of basic but decent life for a family) and cost of basic but decent life per family member. The number of workers per family (as in Anker methodology) is an unknown indicator within the national statistical database and so we could operate with the costs of living for a family and for a family member only.

## **Fair Contracts**

Only one platform (Uradi-zaradi) provided evidence of clear and transparent contractual terms and conditions, which were accessible to workers at all times, and which included a specified timeframe for informing workers of potential contractual changes. However, none of the platforms could document a fair sharing of risks and liability of engaging in the platform work among the parties.

## **Fair Management**

Only two platforms (Glovo and Uradi-zaradi) met the conditions of the basic threshold of this principle, as they were able to demonstrate the existence of communication channels allowing workers to interact with a human representative of the platform either through the app, phone, e-mail or in person. They were also able to evidence the existence of a formalised process for workers to appeal decisions resulting in penalties or disciplinary actions, even when they no longer have the access to the platform. However, none of the platforms were able to provide evidence that confirms they developed substantial policies to prevent discrimination against persons from disadvantaged groups.

## **Fair Representation**

None of the analysed platforms was able to evidence that the principle of Fair Representation of platform workers was met. There was neither evidence that the platforms guarantee freedom of association and the expression of collective workers' voice, nor that showed platforms developed policies that recognise and encourage the establishment of collective workers' bodies.

## **Platform in Focus: Uradi-zaradi**

Principle 1.1: 1

Principle 1.2: 1

Principle 2.1: 0

Principle 2.2: 0

Principle 3.1: 1

Principle 3.2: 0

Principle 4.1: 1

Principle 4.2: 0

Principle 5.1: 0

Principle 5.2: 0

**Uradi-zaradi overall score: 04/10**

Fairwork assessment of platforms in Serbia yielded relatively low scores for platforms, demonstrating the need for improvements if decent work standards are to be met. Uradi-zaradi with 4 out of 10 points is one of the two highest ranking platforms in Serbia this year.

Uradi-zaradi is the only locally-owned digital platform that facilitates domestic work service provision in Serbia and they provide services in three cities: Belgrade, Novi Sad and Kragujevac. The platform was founded in Belgrade in 2016 by three young enthusiasts who developed a start-up based on the idea of digitalisation of domestic work service through matching workers and clients on a digital platform. The platform currently connects more than 250 workers with 5,000 clients of domestic work services for a commission. Uradi-zaradi takes an active role in workers' recruitment which consists of selection of candidates through interviews, induction training and trial period at work. If positively assessed by the platform managers and clients, workers get the status of *taskers*. Upon agreeing to the Terms and Conditions the platform sets, this status allows access to all the tasks and relevant service packages that Uradi-zaradi offers.

Our interviews show that the key motivation for workers for engaging in this form of platform work is the decent pay standard respected by the platform. With respect to the Fairwork's fair pay principle, Uradi-zaradi achieved both the basic and advanced points, reflecting the company's commitment to making sure that no worker falls below the local minimum and living hourly wage thresholds (after costs). Moreover, the platform limits the working hours to a maximum of 6.5 hours per day including a 30-minute break, while minimum gross hourly rate is set at RSD 355 (3.00 EUR) and paid to the workers upon completing the task through an electronic payment system. In addition, as commented by the platform CEO, Dragana Jovčić, the payment policy is set to establish above-average market rates for different domestic work services offered by the platform so as to guarantee professional, quality, safe and reliable service provision.

While none of the official platform policies document health and safety risks, workers are regularly informed about common work-related risks and mitigation and/or prevention measures. Moreover, the platform established a client verification system which allows for increasing workers' safety on the job. A direct communication channel with the designated platform official is constantly open for reporting any health and safety issues. However, despite some positive steps, to truly ensure fair conditions for workers on the platform, it is important that the platform identify all task-related risks, and establish corresponding assessment and risk prevention mechanisms - including health and safety insurance – as part of both formal policy and practice. The platform appreciated these recommendations and agreed to proactively address these issues in the near future.

Uradi-zaradi is the only platform assigned a basic point for respecting Fairwork principles of Fair Contracts. The Terms and Conditions that workers agree to clearly state all the labour details, are subject to national law, and are available to workers at all times. Furthermore, the Terms and Conditions specifically define the liability of the platform to notify the workers of the proposed contractual changes within a reasonable timeframe before these come into effect. The changes with adverse effects on the already accrued benefits of workers cannot be imposed. Moreover, every potential contractual change goes through several rounds of

discussions with workers before being introduced in order to respond to workers suggestions, concerns and needs properly.

The platform established a formalised process for workers to be able to communicate with the platform representative either by phone, e-mail, Facebook group or in person and raise any issue, or be informed of any disciplinary decisions affecting them. The appeals process is documented and clearly communicated with workers, thus preventing arbitrary deactivations and disciplinary decisions. Anti-discrimination principles are in-built in the platforms business vision as reflected in provision of equal opportunities to all workers aged 18+, while some disadvantaged categories - such as single parents - are prioritised during the workers' selection process. However, Fairwork notes the need for additional efforts in formalising existing practices and developing a comprehensive equity policy and duly implementing it.

Finally, the evidence points to a lack of formalised mechanisms for platform workers' representation and collective bargaining, pointing to an area for improvement in the future. In addition to informal individual and collective discussions between workers and the platform organised to address multiple concerns, issues and needs, Fairwork emphasises the need for the platform to invest efforts to further encourage and formalise collective workers' voice to be heard and enable mechanisms for collective bargaining.

## **Workers' stories**

### ***Stefan, Glovo, Belgrade***

COVID-19 compelled 41-year-old Stefan into platform work. Before the pandemic, he received a degree from a business school, accumulated 13 years of work experience, and owned a small shop which he had to close due to the lockdowns. His wife also ended up on a minimum wage. In order to weather the storm and provide for his family, he was determined to find a job and any job would do. Delivery platforms with their low entry barrier and the possibility of a decent wage on them enabled him to do that. He worked for three different platforms, but primarily for Glovo.

His main motivation to work for Glovo was the opportunity to earn more than what was possible in other jobs. However, he realised these earnings were conditional: "You can work whenever you wish, but if you want to earn something, especially with a car, you have to work a huge number of hours... If I worked with a car for 40 hours, I would earn the minimum wage". He worked 12 hours per day, 84 hours per week, to fulfil all the bonuses that paid his bills, until maximum working hours were reduced. On top of that, Glovo kept reducing compensations, which made him worried about his future income. For Stefan, the work-related risks also follow this incentive model. "The biggest problem is that we have to work long hours which leads to exhaustion, lack of attention and an increased risk of traffic accidents." At the time of our interview, Glovo did not provide accident insurance, which was

also a problem for him and made him feel more unsafe. Nevertheless, he was happy that Glovo provided compensation for his sick leave when he contracted COVID-19.

He holds a work contract with an intermediary staffing agency and pays his own work benefits. Although this is in line with the law, he does not feel covered and would like to be employed directly by Glovo. “The key for me would be that Glovo is in some way responsible for us. Not just to exclude us. They fought in Spain and Italy to be directly employed by Glovo. That is the goal for me. But it is still not attainable to us here”. Stefan is very active in worker networking and an admin in some online groups for platform workers. Because there is no space for workers’ voices to be heard in Glovo, he sees this as the only way to fight for better work conditions. He participated in attempts to organise delivery workers’ unions and organised workers’ strikes against the pay reductions. Unfortunately, the success of these attempts was limited.

At the time of the interview, Stefan had just stopped working for Glovo and started working for two other platforms, Wolt and Donesi. His long-term plan is to start working in the IT industry as a web developer, and he is learning Java, CSS, and Html languages. However, requalification is very challenging with his work schedule.

### ***Jana, Uradi-zaradi, Novi Sad***

Jana is a 28-year-old MA student and an ultimate platform worker. She works simultaneously on online platforms as a freelancer, but also for a housekeeping platform “Uradi-zaradi”. Her diverse work experience in hospitality industry, retail, and education, does not match the opportunities provided by digital platforms. On platforms, she is able to work part-time, and earn the above average income. That allows her to finance and further pursue her studies.

However, decent compensation and flexibility are accompanied by several work-related risks. Jana is primarily worried about her safety. She thinks that the platform does not provide sufficient information on clients and that this should be improved. She answers only the ads published by profiles of women or families that appear safe, but it still happens that someone else is at home. That is why she prefers online work: “It is easier to work online because you don’t have physical contact with the client. It is different because here you come to someone’s flat without any information about them. It does not have to be an assault, but it is still scary. If this happens online, if something feels uncomfortable, you can just turn off your computer and disappear in a moment”. Still, up to the point, she has not personally had any major issues with clients. Apart from those risks, she is also dissatisfied because Uradi-zaradi does not assume any responsibility for different potential work-related injuries.

Jana wants to be a worker. Even though the company clearly communicates terms and conditions of use and it is legal not to have a work contract in housekeeping services in Serbia, she would prefer to formally be employed. “We are not protected... I am still powerless, like in every grey zone job... Logically, I would prefer to have some kind of contract with them, but taking into account where we live, this is also acceptable, unfortunately”. Her communication with the platform was satisfactory, but part of her insecurity also stems from

the fact that Uradi-zaradi does not have an office in Novi Sad but only in Belgrade, so she never met anyone from the company in person. Because of this she would like to have an inclusive platform where workers can meet and share their experiences, primarily with clients, as that is her biggest issue. For Jana, another way to improve working conditions is forming a trade union.

In general, Jana is satisfied with the platform and the opportunities it provides. Still, she rather sees herself working in her field or as an online freelancer in future, because of the professional development opportunities and her physical safety.

## **Theme in Focus: Who are the platform workers in Serbia?**

COVID-19 boosted the demand for delivery apps, bringing in new customers and increasing the frequency with which current customers used them, and thereby creating more platform work. This is why most of the interviewees worked or had worked for platforms for rather brief periods of time. Also, most of the platforms were new to the market (Wolt came to Serbia in 2018, and Glovo in 2019), which directly impacted the time spent working for them. In general, interviewees reported that people rarely stayed long in this line of work and that there was 'constant worker turnover'.

Two main groups emerged from the people we interviewed. First, and the majority, were people who left their previous jobs because they found platform work more attractive due to better pay. Second, a smaller and less fortunate group, who lost their jobs during the pandemic either in Serbia or abroad, and subsequently returned to the country.

While platform work in many developed countries is dominated by migrants, students and/or people with lower level of education, in Serbia it is the opposite: "This is supposed to be a job for high school kids, but as the earnings are great for our circumstances, people with university degrees also come to work here". This is how one of the interviewees explains his working experience on platforms. Good pay was also a motivation for him to quit his (formal) job and join one of the food delivery platforms in the capital, Belgrade. Indeed, most of the participants in our study were secondary school graduates, while several held university degrees or were university students.

In our study, none of the interviewed workers reported longer periods of unemployment, hence they were part of the active working population according to the official labour statistics definitions. The previous work experience of Glovo or Wolt workers was versatile and acquired in different fields such as retail, marketing, teaching, sales, law enforcement, construction and manual labour. Many bikers or those who deliver food on foot were actual athletes who perceived their job as exercise. In contrast, many of those who worked for the ride-hailing platform, CarGo, were former professional drivers or people who previously worked in law enforcement. With regards to Uradi-zaradi workers, in most cases they were women who took up platform work for extra income for their households or to support further career prospects.

Given that most of the interviewees started to work on the platforms as already experienced workers, their age ranged from 30s and 40s. Those in their 20s – whether they are students or not, engaged in part-time work more frequently and often delivered by bicycle or on foot. Moreover, the results revealed the majority of platform workers were male, although the number of women in delivery work has been increasing.

Working on platforms was the sole source of income for the majority. Some worked on two or three platforms simultaneously to obtain enough work and maintain job opportunities, combining the “best of all the worlds”. For example, Glovo was attractive due to high bonuses when there were a high number of deliveries, while some couriers preferred Wolt because they appreciated the opportunity to “switch off” from the platform whenever they liked.

To conclude, most platform workers in Serbia come from the local population and their education levels are high. For many platform workers, this is just a transitory job that they will leave as soon as a better paid one appears be it in Serbia or abroad. For this kind of job to become more attractive as a longer-term and viable solution, there is a necessity for reform and regulation of platform work in the county.

## **Impact and Next Steps**

This publication is the first report on the Fairwork ratings of the Serbian digital platforms. We have established a basis for further research and set the standards for the improvement of working conditions in the Serbian platform economy.

We aim to further the Fairwork mission in Serbia by engaging at four different levels. First, we support the platforms in direct improvement of the working conditions. Second, we collaborate and exchange information with the policymakers about adequate regulatory practices that would ensure protection of workers in the platform economy. Our mission also includes work with both informal networks of platform workers as well as with the established unions in Serbia by helping them to collectively assert workers’ rights. Finally, we aim to establish the media presence of the Fairwork project through several alternative media channels.

The Fairwork Serbia team has established significant cooperation with the digital platforms in the country. Our first step in this direction was scoring the platforms against the Fairwork principles and communicating scores to them. In the areas where platforms were close to being awarded points, our objective is to offer further advisory support on how to improve working conditions and achieve higher ratings in the upcoming project iterations. Our goal is to also provide continued support to the platforms in achieving Fairwork standards within principles that were not met in this round of scoring. Some impact was already achieved as Uradi-zaradi changed their terms and conditions so that acquired workers’ rights cannot be reversed. They also committed to further work on the analysis of work-related risks and on

implementing policies against discrimination and inequalities in workplace. Glovo also showed readiness to work on more transparent and clear terms and conditions. Still, time frame for introducing proposed changes in platform practices was very short, so we are hopeful that they will materialise by the time of the next Fairwork report.

Another sphere of future actions of the Fairwork Serbia team entails collaboration with policymakers on the issues of implementation of decent work standards for all platform workers. This includes the extension of the existing policies informed by the Fairwork research project findings. Our research has identified critical points such as problematic employment relationships and legal status of workers, lack of workers' protections, and their collective representation. These findings will be brought forward in the debates with policy makers to assist in further regulation of the platform economy in the country. Our team has already established contacts and has experience in working with relevant policy-making bodies in Serbia.

Our approach is not intended to tackle the issue of work conditions from a top-down perspective solely. The Fairwork theory of change is also focused on close consultation and cooperation with workers and their representatives. However, platform workers in Serbia lack the possibility of formal representation. They are neither connected in the labour process nor considered employees from a legal aspect, which hinders the prospects for their formal organisation and adequate representation as workers can join trade unions only based on their worker status, and this is not legally possible for self-employed persons who are treated as micro business entities under the Serbian Corporate Law. Similarly, workers do not have direct contractual links with platforms, but with limited liability companies that contract workers to the platforms. In this regard, workers can join trade unions only on the grounds of their employment status with limited liability companies and seek union protection against them, but not the platforms. Consequently, informal organisations of platform workers emerge. However they lack formal negotiation rights with the platforms. In this respect, we aim to further support and inform workers about fairer work practices in the platform economy, as well as of the ways in which their rights and collective representation may be achieved in the immediate future.

Finally, we will be working to strengthen media presence of Fairwork project in Serbia. Our strategy is to inform the public about the working conditions on different platforms in Serbia through workers' personal experiences, and the importance of Fairwork - as a global engaged research network - for their benefit. This is of paramount importance since we believe that the consumers and policymakers would become more engaged in the process of social change if the public is well aware of the challenges of work in the platform economy. Besides established cooperation with the mainstream media, we are in close contact with several alternative media sources boasting significant coverage and which would be interested in covering the issues related to platform work. Representative of portal Masina also agreed to participate in the Fairwork Serbia presentation.

Poor working conditions are not intrinsic to the platform economy. Platforms are ultimately the companies that have the power to set fair work practices in the value chains they control. Active and close engagement with these companies espoused by the Fairwork project is

crucial for ensuring that the platform workers have the essential rights. In addition, strong cooperation with policymakers, workers and the media is needed to meet this aim. The Fairwork Serbia team is thus seeking to lead this positive change through the multilevel approach. Although there is a long way ahead of us, we are encouraged by the positive impact already made in the domain of platform work practices in Serbia. We hope that our work will set decent standards of workers’ rights in the platform economy of tomorrow.

## Appendix: Fairwork Scoring System

The five Principles of Fairwork were developed through an extensive literature review of published research on job quality, stakeholder meetings at UNCTAD and the ILO in Geneva (involving platform operators, policymakers, trade unions, and academics), and in-country meetings with local stakeholders.

Each Fairwork Principle is divided into two thresholds. Accordingly, for each Principle, the scoring system allows one ‘basic point’ to be awarded corresponding to the first threshold, and an additional ‘advanced point’ to be awarded corresponding to the second threshold (see Table 1). The advanced point under each Principle can only be awarded if the basic point for that Principle has been awarded. The thresholds specify the evidence required for a platform to receive a given point. Where no verifiable evidence is available that meets a given threshold, the platform is not awarded that point.

*Table 1: Fairwork Scoring System*

<b>Principle</b>	<b>Basic Point</b>		<b>Advanced Point</b>		<b>Total</b>
Fair Pay	1	+	1	=	2
Fair Conditions	1	+	1	=	2
Fair Contracts	1	+	1	=	2
Fair Management	1	+	1	=	2
Fair Representation	1	+	1	=	2
<b>Maximum possible Fairwork Score:</b>					<b>10</b>

A platform can therefore receive a maximum Fairwork Score of ten points. Fairwork scores are updated on a yearly basis; the scores presented in this report were derived from data pertaining to the 12 months between November 2021 and November 2022, and are valid until November 2023.

### Principle 1: Fair Pay

### Threshold 1.1 – Pays at least the local minimum wage after costs (one point)

Platform workers often have substantial work-related costs to cover, such as transport between jobs, supplies, or fuel, insurance, and maintenance on a vehicle.<sup>[ii]</sup> Workers’ costs sometimes mean their take-home earnings may fall below the local minimum wage. Workers also absorb the costs of extra time commitment, when they spend time waiting or travelling between jobs, or other unpaid activities necessary for their work, which are also considered active hours.<sup>[iii]</sup> To achieve this point platforms must demonstrate that work-related costs do not push workers below local minimum wage.

The platform must satisfy the following:

- Workers earn at least the local minimum wage, or the wage set by collective sectoral agreement (whichever is higher) in the place where they work, in their active hours, after costs.

In order to evidence this, the platform must either: (a) have a documented policy that guarantees the workers receive at least the local minimum wage after costs in their active hours; or (b) provide summary statistics of transaction and cost data. In case of (b), the platform must submit:

- An estimate for work-related costs, which are then checked by the Fairwork team through worker interviews; and,
- A weekly earnings table for any three-month period over the previous twelve months, in the format shown below. This is a two-way relative frequency table, which should contain information on the percentages of workers whose average weekly take-home earnings and active hours are distributed as follows in Table 2.

Table 2: Earnings Table

	<b>WORKER EARNINGS AFTER COSTS (E)</b>			
	[1] $e < M$	[2] $M \leq e < 1.5M$	[3] $1.5M \leq e < 2M$	[4] $2M \leq e$

<b>ACTIVE HOURS (H)</b>	$h < 0.9F$ (part-time)	%	%	%	%
	$0.9F \leq h < 1.2F$ (full-time)	%	%	%	%
	$1.2F \leq h$ (full-time plus overtime)	%	%	%	%

- Table Notes:
  1.  $h$  = Average active hours worked by worker per week
  2.  $e$  = Average weekly earnings of worker
  3.  $F$  = the number of hours in a local standard working week.
  4.  $M$  = the local weekly minimum wage, calculated at  $F$  hours per week. The table's header row and column are filled out by the Fairwork team, before giving it to the platform for completion.
  5. The rows represent workers who work part-time, full-time, and more than full-time. The percentages in each row should add up to 100%.
  6. The table is to be filled with four columns of data: Column [2] with the percentages of part-time, full-time, and full-time with overtime workers who earn less than the minimum weekly wage ( $X$ ), and so on until Column [5].

### **Threshold 1.2 – Pays at least a local living wage after costs (one additional point)**

In some places, the minimum wage is not enough to allow workers to afford a basic but decent standard of living. To achieve this point platforms must ensure that workers earn a living wage.

The platform must satisfy the following:

- Workers earn at least a local living wage, or the wage set by collective sectoral agreement (whichever is higher) in the place where they work, in their active hours, after costs.<sup>[iii],[iv]</sup>

If the platform has completed Table 2, the mean weekly earnings minus the estimated work-related costs must be above the local minimum wage.

### Principle 2: Fair Conditions

#### **Threshold 2.1 – Mitigates task-specific risks (one point)**

Platform workers may encounter a number of risks in the course of their work, including accidents and injuries, harmful materials, and crime and violence. To achieve this point platforms must show that they are aware of these risks and take steps to mitigate them.<sup>[vi]</sup>

The platform must satisfy the following:

- There are policies or practices in place that protect workers' health and safety from task-specific risks.
- Platforms take adequate, responsible and ethical data protection and management measures, laid out in a documented policy.

#### **Threshold 2.2 – Provides a safety net (one additional point)**

Platform workers are vulnerable to the possibility of abruptly losing their income as the result of unexpected or external circumstances, such as sickness or injury. Most countries provide a social safety net to ensure workers don't experience sudden poverty due to circumstances outside their control. However, platform workers usually don't qualify for protections such as sick pay, because of their independent contractor status. In recognition of the fact that most workers are dependent on income from the platform for their livelihood, platforms can achieve this point by providing compensation for loss of income due to inability to work.

The platform must satisfy BOTH of the following:

- Platforms take meaningful steps to compensate workers for income loss due to inability to work commensurate with the worker's average earnings over the past three months.
- Where workers are unable to work for an extended period due to unexpected circumstances, their standing on the platform is not negatively impacted.

### Principle 3: Fair Contracts

#### **Threshold 3.1 – Provides clear and transparent terms and conditions (one point)**

The terms and conditions governing platform work are not always clear and accessible to workers.<sup>[vii]</sup> To achieve this point, the platform must demonstrate that workers are able to

understand, agree to, and access the conditions of their work at all times, and that they have legal recourse if the platform breaches those conditions.

The platform must satisfy ALL of the following:

- The party contracting with the worker must be identified in the contract, and subject to the law of the place in which the worker works.
- The contract is communicated in full in clear and comprehensible language that workers could be expected to understand.
- The contract is accessible to workers at all times.
- Every worker is notified of proposed changes in a reasonable timeframe before changes come into effect; and the changes should not reverse existing accrued benefits and reasonable expectations on which workers have relied.

### **Threshold 3.2 – Does not impose unfair contract terms (one additional point)**

In some cases, especially under ‘independent contractor’ classifications, workers carry a disproportionate amount of risk for engaging in the contract. They may be liable for any damage arising in the course of their work, and they may be prevented by unfair clauses from seeking legal redress for grievances. To achieve this point, platforms must demonstrate that risks and liability of engaging in the work is shared between parties.

Regardless of how the platform classifies the contractual status of workers, the platform must satisfy BOTH of the following:

- The contract does not include clauses which exclude liability for negligence nor unreasonably exempt the platform from liability for working conditions.
- The contract does not include clauses which prevent workers from effectively seeking redress for grievances which arise from the working relationship.

### *Principle 4: Fair Management*

#### **Threshold 4.1 – Provides due process for decisions affecting workers (one point)**

Platform workers can experience arbitrary deactivation; being barred from accessing the platform without explanation, and losing their income. Workers may be subject to other penalties or disciplinary decisions without the ability to contact the platform to challenge or appeal them if they believe they are unfair. To achieve this point, platforms must demonstrate an avenue for workers to meaningfully appeal disciplinary actions.

The platform must satisfy ALL of the following:

- There is a channel for workers to communicate with a human representative of the platform. This channel is documented in the contract and available on the

platform interface. Platforms should respond to workers within a reasonable timeframe.

- There is a process for workers to meaningfully appeal low ratings, non-payment, payment issues, deactivations, and other penalties and disciplinary actions. This process is documented in the contract and available on the platform interface.<sup>[vii]</sup>
- In the case of deactivations, the appeals process must be available to workers who no longer have access to the platform.
- Workers are not disadvantaged for voicing concerns or appealing disciplinary actions.

#### **Threshold 4.2 – Provides equity in the management process (one additional point)**

The majority of platforms do not actively discriminate against particular groups of workers. However, they may inadvertently exacerbate already existing inequalities in their design and management. For example, there is a lot of gender segregation between different types of platform work. To achieve this point, platforms must show not only that they have policies against discrimination, but also that they seek to remove barriers for disadvantaged groups, and promote inclusion.

Platforms must satisfy ALL of the following:

- There is a policy which ensures the platform does not discriminate on grounds such as race, social origin, caste, ethnicity, nationality, gender, sex, gender identity and expression, sexual orientation, disability, religion or belief, age or any other status.
- Where persons from a disadvantaged group (such as women) are significantly under-represented among its workers, it seeks to identify and remove barriers to access by persons from that group.
- It takes practical measures to promote equality of opportunity for workers from disadvantaged groups, including reasonable accommodation for pregnancy, disability, and religion or belief.
- If algorithms are used to determine access to work or remuneration, these are transparent and do not result in inequitable outcomes for workers from historically or currently disadvantaged groups.
- It has mechanisms to reduce the risk of users discriminating against workers from disadvantaged groups in accessing and carrying out work.

#### Principle 5: Fair Representation

#### **Threshold 5.1 – Assures freedom of association and the expression of worker voice (one point)**

Freedom of association is a fundamental right for all workers, and enshrined in the constitution of the International Labour Organisation, and the Universal Declaration of Human Rights. The right for workers to organise, collectively express their wishes – and importantly – be listened to, is an important prerequisite for fair working conditions. However, rates of organisation amongst platform workers remain low. To achieve this point, platforms must ensure that the conditions are in place to encourage the expression of collective worker voice.

Platforms must satisfy ALL of the following:

- There is a documented mechanism for the expression of collective worker voice.
- There is a formal policy of willingness to recognise, or bargain with, a collective body of workers or trade union, that is clearly communicated to all workers.<sup>[viii]</sup>
- Freedom of association is not inhibited, and workers are not disadvantaged in any way for communicating their concerns, wishes and demands to the platform.<sup>[ix]</sup>

### **Threshold 5.2 – Supports democratic governance (one additional point)**

While rates of organisation remain low, platform workers' associations are emerging in many sectors and countries. We are also seeing a growing number of cooperative worker-owned platforms. To realise fair representation, workers must have a say in the conditions of their work. This could be through a democratically-governed cooperative model, a formally recognised union, or the ability to undertake collective bargaining with the platform.

The platform must satisfy at least ONE of the following:

1. Workers play a meaningful role in governing it.
2. It publicly and formally recognises an independent collective body of workers, an elected works council, or trade union.
3. It seeks to implement meaningful mechanisms for collective representation or bargaining.

<sup>[i]</sup> Work-related costs include direct costs the worker may incur in performing the job. This may include, for instance, transport in between jobs, supplies, vehicle repair and maintenance, fuel, road tolls and vehicle insurance. However, it does not include transport to and from the job (unless in-between tasks) nor taxes, social security contributions or health insurance.

<sup>[ii]</sup> In addition to direct working hours where workers are completing tasks, workers also spend time performing unpaid activities necessary for their work, such as waiting for delivery orders at restaurants and travelling between jobs. These indirect working hours are also

considered part of active hours as workers are giving this time to the platform. Thus, ‘active hours’ are defined as including both direct and indirect working hours.

<sup>[iii]</sup> Where a living wage does not exist, Fairwork will use the Global Living Wage Coalition’s Anker Methodology to estimate one.

<sup>[iv]</sup> In order to evidence this, the platform must either: (a) have a documented policy that guarantees the workers receive at least the local living wage after costs in their active hours; or (b) provide summary statistics of transaction and cost data. In case of (b), the platform must submit: (1) An estimate for work-related costs, which are then checked by the Fairwork team through worker interviews; and, (2) a weekly earnings table for any three-month period over the previous twelve months, in the format shown in Table 2.

<sup>[v]</sup> The starting point is the ILO’s Occupational Safety and Health Convention, 1981 (C155). This stipulates that employers shall be required “so far as is reasonably practicable, the workplaces, machinery, equipment and processes under their control are safe and without risk to health”, and that “where necessary, adequate protective clothing and protective equipment [should be provided] to prevent, so far as is reasonably practicable, risk of accidents or of adverse effects on health.”

<sup>[vi]</sup> The ILO’s Maritime Labour Convention, 2006 (MLC 2006), Reg. 2.1, and the Domestic Workers Convention, 2011 (C189), Articles 7 and 15, serve as helpful guiding examples of adequate provisions in workers’ terms and conditions, as well as worker access to those terms and conditions.

<sup>[vii]</sup> Workers should have the option of escalating grievances that have not been satisfactorily addressed and, in the case of automated decisions, should have the option of escalating it for human mediation.

<sup>[viii]</sup> For example, “[the platform] will support any effort by its workers to collectively organise or form a trade union. Collective bargaining through trade unions can often bring about more favourable working conditions.”

<sup>[ix]</sup> See the ILO’s Freedom of Association and Protection of the Right to Organise Convention, 1948 (C087), which stipulates that “workers and employers, without distinction, shall have the right to establish and join organisations of their own choosing without previous authorisation” (Article 2); “the public authorities shall refrain from any interference which would restrict the right or impede the lawful exercise thereof” (Article 3) and that “workers’ and employers’ organisations shall not be liable to be dissolved or suspended by administrative authority” (Article 4). Similarly the ILO’s Right to Organise and Collective Bargaining Convention, 1949 (C098) protects the workers against acts of anti-union discrimination in respect of their employment, explaining that not joining a union or relinquishing trade union membership cannot be made a condition of employment or cause for dismissal. Out of the 185 ILO member states, currently 155 ratified C087 and 167 ratified C098.

## Credits and Funding

Fairwork is a project run out of the Oxford Internet Institute, University of Oxford and the Berlin Social Science Centre, and draws on the expertise and experience of staff at the Public Policy Research Center (CENTAR), Access to Knowledge for Development Center (A2K4D) at the American University in Cairo's School of Business, Audencia Business School, Centre for Labour Research, Chinese University of Hong Kong's Centre for Social Innovation Studies, CIPECC, De La Salle University, FLACSO-Ecuador, Humboldt University of Berlin, International Institute of Information Technology Bangalore (IIITB), iSocial, KU Leuven, Qhala, REPOA, Sapienza University of Rome, Technical University of Berlin, TEDIC, TU Wien, Universidad Adolfo Ibáñez, Universidad Complutense de Madrid, Universidad del Rosario, Universidade do Vale do Rio dos Sinos (Unisinos), Universitas Gadjah Mada's Center for Digital Society, University of California's Hastings College of the Law, University of Cape Town, University of Ghana Business School, University of Manchester, University of the Western Cape, Weizenbaum Institut, XU Exponential University.

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Shanmugavelan, Ruth Tarullyna Simanjuntak, André Sobczak, Shanza Sohail, Janaki Srinivasan, Shelly Steward, Zuly Bibiana Suárez Morales, Sophie Sun, David Sutcliffe, Pradyumna Taduri, Kristin Thompson, Pitso Tsibolane, Anna Tsui, Funda Ustek-Spilda, Jean-Paul Van Belle, Giulia Varaschin, Laura Vogel, Zoya Waheed, Mira Wallis, Jing Wang, Robbie Warin, Nadine Weheba.

**External scoring reviewers:** Mark Graham and Leonhard Plank

**Editing:** Srujana Katta

**Please cite as:** Fairwork (2021) *Fairwork Serbia Ratings 2021: Labour Standards in the Platform Economy*. Belgrade, Serbia; Oxford, United Kingdom.

*Please note that this report contains sections in common with other Fairwork reports, notably the Fairwork Framework, parts of the Impact and Next Steps section and the Appendix.*

**Designers:** One Ltd. and ããã — Arwin Qaderi

**Funders:** Report funded by the Federal Ministry for Economic Cooperation and Development (BMZ), commissioned by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

**Special thanks to:** Katia Padvalkava, Duncan Passey, Maisy Gills, Sara Spinks, Lucy Hennings, Isabelle Malcolm, John Gilbert Ornella Sciuto, and David Sutcliffe at the University of Oxford for their extensive administrative support for the project since its inception. The project team is deeply grateful to Lukas Sonnenberg, Kirsten Schuettler, Shakhlo Kakharova, Sarah Fischer and Pooja Gianchandani at GIZ for their continuing support and guidance as we take our work to the next stage. Finally, we would like to acknowledge a very large number of workers and platform managers in Serbia for taking the time to help us build our platform ratings. Their roles are understated by a simple acknowledgement. All of the work in this project was shared not just amongst our research team, but also amongst the stakeholders who our ratings ultimately affect.

**Conflict of interest statement:** None of the researchers have any connection with any of the platforms and the work undertaken received no funding or support in kind from any platform or any other company, and we declare that that there is no conflict of interest.