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Beyond Boardrooms: A Brief Exploration of Corporate Governance Models

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Abstract

This article critically examines employee representation in corporate governance through a comparative global lens, focusing on two primary models: employee participation in governing bodies and share ownership. By analyzing the historical evolution and legal frameworks of corporate structures, this study explores the potential for fostering inclusive corporate environments that integrate employees into both decision-making and financial outcomes. Drawing on comparative examples from Germany, the United States, China, and the United Kingdom, the research investigates how different models of employee engagement influence organizational loyalty, job satisfaction, and productivity. Particular attention is given to the canvas of corporate landscape, where such models remain underdeveloped despite broad alignment with EU legal standards, such as the example of North Macedonia. This analysis highlights the need for legislative reform to incorporate effective employee engagement strategies tailored to North Macedonia's economic and legal framework. By combining legal analysis with a comparative study, the paper provides recommendations for establishing resilient engagement models that could redefine corporate governance and enhance business resilience. These insights would bridge existing gaps in Macedonian and regional corporate law, fostering a more democratic, equitable, and worker-based corporate environment.

Keywords: Corporate governance, workers' representation, share ownership, comparative analysis, employee participation.

Introduction

Corporate governance plays a pivotal role in shaping the efficiency, accountability, and sustainability of modern organizations. As economies become more complex and globally interconnected, the question of how workers/employees participate in corporate decision-making has gained increasing attention. The traditional top-down governance model, which concentrates decision-making power in the hands of executives and shareholders, is being challenged by alternative frameworks that advocate for greater employee involvement. These models, ranging from employee representation on company boards to direct financial participation through stock ownership, offer distinct pathways for fostering engagement, motivation, and long-term organizational success.

This article explores the comparative advantages and limitations of employee representation in governance structures versus stock ownership as a mechanism for corporate participation. Employee board representation is often framed as a means of democratizing corporate decision-making, enhancing transparency, and strengthening communication between management and workers. By contrast, employee stock ownership is designed to align individual financial incentives with corporate performance, encouraging personal investment in the company's success. Each model carries inherent benefits and risks, from the potential for increased organizational commitment and productivity to vulnerabilities such as financial exposure in cases of corporate failure.

While extensive research has been conducted on employee engagement models in jurisdictions such as Germany, the United States, and the United Kingdom, there remains a notable gap in the literature concerning their applicability to North Macedonia. The country's corporate governance framework primarily follows traditional hierarchical structures, with limited provisions for participatory management or employee shareholding. Despite the constitutional recognition of labor as a foundation for governance, the practical implementation of employee participation remains largely underdeveloped in both legislative and corporate practice. The absence of legal provisions regulating employee involvement in decision-making further underscores the need for an in-depth academic inquiry into the potential benefits and challenges of these models within the Macedonian context.

The conducted research critically examines the role of employee participation in corporate governance, assessing its impact on key organizational outcomes such as transparency, corporate culture, decision-making efficiency, and economic performance.

Through a comparative analysis of global best practices and domestic legal frameworks, the research seeks to offer practical recommendations for policymakers and business leaders considering reforms to corporate governance structures. With the ongoing discussions surrounding amendments to the Law on Trade Companies, this study is particularly timely, as it provides a scholarly foundation for evidence-based policymaking in the evolving corporate landscape of North Macedonia. Ultimately, by evaluating the effectiveness of these models in fostering a more inclusive and dynamic corporate environment, this research contributes to the broader discourse on corporate governance and labor rights in transitional economies.

The Model of Worker Codetermination

The benefits of worker involvement in corporate governance far outweigh the challenges, to the extent that some scholars consider employee participation in company management one of the most significant achievements of modern capitalism (Erik & von Thadde, 1999). Employees, as key stakeholders, have a vested interest in preventing asset misappropriation or value reduction by controlling shareholders, directors, or managers (Koevski & Spasevski, 2023). Some theorists even suggest that the exclusion of workers from decision-making could lead to unionization and radicalization of demands, ultimately resulting in greater costs for companies (Parkinson, 1997), albeit a better but seemingly unrealistic outcome for workers globally at the moment. However, the success of worker codetermination depends on the adaptability of corporate culture, management structures, and the company's specific objectives (M. Colin, 1988). Several theoretical frameworks have emerged to explain worker participation in corporate governance.

In the United States, various theories of employee participation have been developed. The workplace democracy theory argues that since directors and managers are elected by shareholders, employees, who must adhere to company rules, should have a voice in shaping them. This theory posits that corporate decisions should involve all who work within the company.

The pluralist theory of worker participation, which emerged in the early 20th century, does not perceive employees as a distinct class with opposing interests to capitalists. Instead, it views them as a fluid, voluntary group whose composition is constantly evolving (Tsuk, 2003). Pluralists argue that multigroup representation, rather than class struggle, underpins modern governance, rejecting the notion that employees require special treatment.

The progressive or communitarian theory (also known as the neutral arbitrator model) posits that delegating authority to a board of directors to act as a neutral arbitrator in resource allocation fosters employee integration into corporate structures (O'Connor, 2000). This approach prioritizes long-term investment in human capital over short-term shareholder gains.

The fiduciary theory of employee participation suggests that, beyond contractual obligations, the relationship between directors and employees should be viewed through the lens of fiduciary duty (Koevski & Spasevski, 2023). This perspective implies that courts should protect employees as the weaker party in disputes, recognizing the trust inherent in long-term employer-employee relationships.

The human capital theory considers specialized employee skills as a form of investment that grants workers a stake in corporate decision-making (Roberts & van den Steen, 2003). This theory argues that companies frequently invest in employee development, and employees, in turn, invest in their own skills, creating a shared long-term interest.

Despite these theoretical developments, none have gained significant traction in the United States due to the dominance of the Anglo-American corporate governance model, in which directors and managers are accountable solely to shareholders (Piketty, 2020). Unlike the U.S., most European corporate governance models adopt a broader stakeholder approach, incorporating employee participation based on principles of social democracy (O'Connor, 2000).

The continental European model of corporate governance emphasizes social dialogue and multi-stakeholder representation (Scholz & Vitols, 2019). The European Works Council Directive mandates procedures for informing and consulting employees, though it does not prescribe specific governance structures. The proposed Fifth EU Directive (1972) initially sought to institutionalize employee participation through board representation or consultative councils but was withdrawn in 2001, illustrating the divergence between theoretical and practical applications of worker codetermination. Nonetheless, the EU continues to advance worker participation through corporate social responsibility frameworks, emphasizing fair labor standards, sustainability, and anti-corruption initiatives.

Although the directive was never adopted, the European Commission's 2001 Green Paper on Corporate Social Responsibility sought to promote sustainable corporate governance practices, including labor rights protections, community engagement, and ethical business conduct. Similarly, the World Bank Institute for Corporate

Governance supports corporate social responsibility programs aimed at reducing corruption, enhancing environmental sustainability, and ensuring fair labor standards.

Recent European regulatory efforts have also sought to strengthen employee participation. The European Trade Union Confederation, in its guidelines on Directive 2019/1151, advocates for stricter regulations on director disqualification and enhanced shareholder engagement in corporate governance. Additionally, EU Directive 2017/1132 codifies protections for employee rights during corporate restructurings, particularly in cross-border mergers, to prevent exploitation. The Non-Financial Reporting Directive further mandates large companies (with over 500 employees) to disclose non-financial data such as their social and environmental impacts, reinforcing corporate transparency and accountability.

Nevertheless, some scholars also argue that codetermination may disadvantage minority shareholders, particularly in supervisory boards. When majority shareholders allocate board seats in collaboration with workers, they may limit representation for minority investors. Additionally, critics contend that codetermination increases governance costs, deters external investment, and pressures firms to raise employee wages based on board-level financial disclosures. These concerns will be explored in greater detail in subsequent sections, assessing the broader implications of worker participation in corporate governance (Davis & Hopt, 2013).

The German Model of Worker Codetermination

The German system of codetermination mandates employee representation on supervisory boards in large corporations. Companies with more than 2,000 employees are legally required to have supervisory boards composed of 50% employee representatives (Hansmann, 1990). This model emerged as part of a broader political compromise between labor and capital (Kathleen, 1991), influenced by Germany's strong union tradition dating back to Otto von Bismarck's social policies.

Codetermination is a core feature of German corporate governance. The supervisory board, mandatory for all joint-stock companies regardless of stock exchange listing, plays a pivotal role (Neuman & Roe, 1999). Special legislation enacted in 1951 and 1952 institutionalized equal worker representation in key industries such as coal and steel. The Co-Determination Act of 1976 extended this principle to all large corporations, marking a historic agreement among Germany's leading political parties and trade unions. Depending on workforce size, supervisory boards consist of 12, 16, or 20 members, with equal representation for employees and shareholders.

Codetermination operates at two levels: (1) within individual work units through works councils, which provide employees with decision-making influence over workplace matters, and (2) at the corporate level, where employees and unions participate in supervisory board governance.

The 1976 law had two major effects. First, decision-making costs increased due to the diversity of interests represented on supervisory boards. Second, instead of a simple shareholder-management relationship, companies now navigate a multipolar governance structure, which, while potentially reducing executive control, also introduces flexibility and coalition-building opportunities. To circumvent these regulations, some companies restructured into smaller entities to avoid compliance. In practice, labor representatives often held preliminary meetings before supervisory board sessions to consolidate their voting positions, ensuring a united front against shareholder dominance, which was very beneficial for the workers.

In 2004, the One-Third Participation Act was introduced, requiring companies with at least 500 employees to have at least one-third of their supervisory board seats occupied by employee representatives. This law replaced the 1952 legislation and reinforced protections against retaliation for employee board members.

Today, there remains a strong political and social consensus in Germany that codetermination is a successful model, particularly in mitigating labor-capital conflicts. Employee representatives can influence senior management appointments and business strategy, fostering long-term stability. Unlike in adversarial models, German codetermination discourages rigid labor-versus-capital divisions, promoting cooperative governance (Brouthers & Bamossy, 1997).

However, challenges persist. Employee representatives may be placed in difficult positions when voting on decisions that negatively impact workers. This dynamic can weaken oversight, shifting power to executive boards. Additionally, financial scandals have exposed cases of corruption among labor representatives, who, in some instances, misused company resources for personal luxuries. Despite these drawbacks, codetermination remains a defining feature of German corporate governance and continues to shape broader European labor policies.

Experiences from France, USA, Slovenia, and Croatia

In an interconnected continent where best practices influence one another, the German codetermination model cannot be examined in isolation. Several countries have implemented variations of worker participation in corporate governance, reflecting different legal, economic, and cultural contexts (Klaus, 2004).

Worker participation in France is facilitated through two members of the works council attending board meetings in an advisory capacity. If worker shareholding exceeds 8% of a company's capital, at least three employees must be appointed as directors. However, French law allows but does not mandate worker co-determination in all circumstances. The effectiveness of worker participation has been hindered by the fragmentation of trade unions along ideological lines (communist, socialist, and Christian democratic), resulting in weaker collective representation (Addison et al., 2017).

On the other hand, attempts to introduce codetermination in the U.S. have emerged through three legislative proposals:

- Workers' Compensation Act (2018): Proposed by several senators, including Tammy Baldwin and Elizabeth Warren, this bill sought to grant workers one-third of board seats.
- Responsible Capitalism Act (2018): Introduced by Elizabeth Warren, this bill proposed employee representation on 40% of corporate boards in companies with over $1 billion in revenue.
- Corporate Responsibility and Democratic Planning Bill (2019): Proposed by Bernie Sanders, this bill called for employees to elect 45% of board members in companies with at least $100 million in revenue or publicly traded status.

Unlike Germany's two-tier system, these proposals aimed to integrate employee representatives within a single-tier board structure. Had Sanders' bill been enacted, codetermination would have applied to 3,437 companies employing 31 million workers, while Warren's proposal would have covered 1,237 companies with 29 million employees. However, none of the three bills have been passed into law.

Slovenia follows a German-style codetermination system but retains elements of socialist-era labor values (Hofstede, 1980). The Act on Employee Participation in Management (1993, amended in 2001 and 2007) established works councils as the main form of worker representation. Estimates suggest works councils exist in 80% of medium and large companies, though other studies report lower figures. Employee representation on supervisory boards varies from one-third to one-half in larger firms and at least one-quarter on boards of directors.

In Croatia, the Law on Trade Companies (Article 256, paragraph 2) allows company statutes to provide for employee representation on supervisory boards. The Law on Labor Relations (Article 164) further stipulates that:

- One supervisory board member must be an employee representative, elected by the workers' council.
- If no workers' council exists, employees elect their representative via secret ballot.
- Employee-elected members have equal legal standing as other board members.

The European Works Council Directive (EWC) provides a framework for worker involvement in multinational companies within the EU. Studies indicate these councils enhance communication, transparency, and shared decision-making, ultimately improving employee morale and engagement. Increasing attention is given to hybrid models that integrate worker representation and share ownership, such as Spain's Mondragon Corporation, where employees are both decision-makers and shareholders, fostering long-term stability and resilience.

Specific to the Macedonian context is the question of how employee involvement would be implemented in a one-tier system. In the German model, employee representatives serve on the supervisory board as part of a two-tier system. Logically, in a one-tier system, they would be positioned as non-executive board members. This arrangement would grant employees a role similar to that of supervisory bodies, enabling them to influence decisions and oversee management without direct participation in daily operations. This balance allows for oversight and representation of employee interests while maintaining managerial independence.

Conversely, if employees were positioned as executive members, they would be actively involved in daily management, potentially creating challenges in governance and role distribution. Thus, a one-tier system with non-executive employee representatives could offer a more effective, transparent model that has a higher chance for implementation and broadly aligns both employee and corporate governance interests. However, this research will consider both approaches, allowing for a potential shift in perspective before reaching final conclusions.

The American Model of Stock Ownership

An alternative model of employee involvement is stock ownership, primarily implemented through employee ownership plans or similar stock-based schemes (Hogan, 2001). This model aligns employees' financial interests with the company's success, fostering a sense of economic connectedness and motivating employees to contribute actively to organizational performance. In the United States, employee stock ownership plans (ESOPs) are widely used in private companies (Palladino, 2021). Research by the National Center for Employee Ownership (NCEO) indicates that firms with substantial employee ownership tend to exhibit stronger performance indicators, such as higher productivity, profitability, and employee retention (NCEO, 2025).

Since employees in the U.S. do not typically participate in management based on their labor, they have sought influence through stock ownership and pension funds. Granting shares to employees creates a tangible link between their efforts and the company's financial results, increasing engagement and commitment. The case of WinCo Foods, a U.S. supermarket chain operating under an employee-shareholder ownership model, exemplifies this approach. By granting employees significant ownership stakes, WinCo has achieved high job satisfaction, low turnover, and strong financial growth. The company, headquartered in Boise, Idaho, operates 89 stores with an estimated revenue of $5.3 billion, annually distributing approximately 20% of total salaries in shares.

Employee ownership can take different forms. In direct ownership models, employees can freely buy and sell shares, while in indirect models, shares are held in investment funds on their behalf (McDonnell, 2012). Some companies also grant employees limited voting rights in shareholder meetings without full ownership privileges. Over the past two decades, employee ownership in the U.S. has grown significantly, with various structures emerging, including ESOPs, profit-sharing plans, and retirement plans with stock components. These models are attractive due to favorable tax treatment and their role in restructuring salary payments and benefits (Douglas & Blasi, 2023).

The United Kingdom presents another example of employee ownership through the John Lewis Partnership, a fully employee-owned enterprise. Employees participate in decision-making via democratic structures while also benefiting from financial ownership. Research suggests that this hybrid model, combining participative management with share ownership, creates a motivated workforce with a strong sense of loyalty and shared responsibility for corporate success.

A regional example is the Federation of Bosnia and Herzegovina, where employee stock ownership is regulated by the Law on Commercial Companies. Article 205 allows a company's statute to authorize a special class of shares for employees, subject to approval by the company's assembly or supervisory board. However, the law limits the total nominal value of employee shares to 5% of the company's share capital. Additionally, Article 206 stipulates that these shares can only be transferred among employees and become void upon an employee's death or termination of employment. These provisions indicate a semi-restricted model of employee shareholding (Vukadinović, 2012).

While employee share ownership offers economic benefits, such as aligning employee and company interests, it also presents challenges. Companies often resort to issuing shares to employees when external financing is difficult to obtain (Davis, 2008). Employees, in turn, may accept reduced salaries in exchange for equity, particularly when a company faces financial difficulties (Davis, 2009). This dynamic can create a system where trust between employees and management is not guaranteed from the outset.

Employee shareholding can also reshape corporate governance (Hirschman, 1970). Instead of traditional union organization, employees can form shareholder groups or pension funds, giving them a stake in institutional shareholder movements (Fey & Beamish, 2001). This shift allows them to collectively reach ownership thresholds required for board representation (Dhanaraj et al., 2007).

Furthermore, the nature of employment relationships is evolving, with increased labor mobility and market openness raising questions about long-term employee loyalty to a single company (Freeman, Lazear. 1995). Hybrid models, such as Spain's Mondragon Corporation, offer an alternative by combining ownership with participative management (Contractor & Lorange, 1988). This research explores such models to assess how they balance decision-making influence and financial incentives, aiming to identify the most effective approaches for sustainable employee engagement and corporate performance (Ferreras, 2017).

Comparative Analysis: Employee Representation vs. Stock Acquisition

A review of research on both models examines their impact on employee engagement and organizational performance (Alchian & Demsetz, 1972). Employee representation on company boards is primarily regarded as a mechanism for democratic participation, granting workers a voice in corporate governance. This model fosters trust, strengthens communication between management and employees, and makes employees feel valued, which enhances engagement. However, direct financial incentives in this model are typically limited, potentially reducing its ability to motivate employees as effectively as stock ownership (Ginglinger et al., 2011).

Conversely, employee stock ownership creates direct financial incentives for employees to invest in the company's success. Research consistently demonstrates that financial ownership leads to increased personal investment in company performance, translating into higher productivity and commitment (Greenfield, 2004). However, the stock ownership model is not without its challenges. The collapse of the company Enron is often cited as a cautionary example of the risks associated with employee stock ownership. Many Enron employees had substantial portions of their retirement savings invested in company stock, which became worthless when the company failed, leading to financial devastation for employees. This case highlights the importance of diversification and regulatory safeguards to protect employee shareholders from excessive financial exposure to corporate risks.

This research places the threshold for the comparative analysis of these two prominent models of employee engagement on how these models influence key organizational outcomes, including corporate culture, transparency, company law, employee motivation, decision-making power, loyalty, and overall organizational performance (Hofstede, 1991). These models represent two distinct paradigms of employee participation: one based on governance and strategic influence and the other on financial ownership and alignment with corporate success (Biondi et al., 2007).

The answers to these questions and an intensive public discussion would contribute to the current discourse in business law, organizational behavior, and corporate governance by providing a comprehensive understanding of how different employee involvement models shape company culture, improve productivity, and enhance workforce engagement. The findings here can offer little practical insights for policymakers, business leaders, and scholars interested in fostering more inclusive and sustainable organizational environments through innovative approaches to employee engagement, but the theme opens questions particularly in light of the proposed amendments to the Companies Act in North Macedonia.

Corporate Governance and Workers Involvement in North Macedonia

The primary legal framework governing the topics explored in this article within domestic legislation is the Law on Trade Companies. However, in its current form, neither this law nor any other part of domestic legislation explicitly regulates employee participation in corporate governance. This legal gap creates an opportunity for detailed research and analysis to identify best practices and propose legislative solutions. The potential need for amendments to existing provisions should be a key focus in the realm of corporate governance in the country, particularly in light of recent discussions on proposed changes and the drafting of a new Law on Trade Companies.

In Macedonian company law, employee participation in decision-making is a constitutionally guaranteed right. Article 58, paragraph 1 of the Constitution of the Republic of North Macedonia states: "Ownership and labor are the basis for governance and participation in decision-making." This constitutional right is further operationalized through Article 342, paragraph 4 of the Law on Trade Companies, which states: "The participation of employees in the management of the company is regulated by law." Despite this provision, no specific law regulating employee participation in management has been adopted since the enactment of the Law on Trade Companies in 2004. This legislative inaction reflects the broader treatment of labor's role in corporate governance and raises questions about the commitment to implementing participatory management models (Koevski & Spasevski, 2023).

This lack of regulation is particularly striking given Macedonia's historical background. The country was part of the workers' self-management system practiced in the Socialist Federal Republic of Yugoslavia (SFRY) for several decades. However, Macedonian corporate governance has not widely accepted participatory models, nor are they currently regulated. This research, therefore, examines whether their introduction could yield positive results in terms of employee engagement and corporate performance (Honnold, 1995).

It is important to distinguish between employee participation in management and the legal obligation outlined in Article 368, paragraph 3 of the Law on Trade Companies. According to this provision, "If the board of directors has more than one executive member, the members of the board of directors shall determine by majority vote which executive member is specifically responsible for employee issues and relations with them." This requirement pertains to an executive member of the board of directors elected by the shareholders' meeting, rather than by employees themselves. Thus, it does not constitute genuine employee representation in decision-making bodies.

In the context of cross-border corporate operations, employee rights related to participation in management are primarily recognized within cross-border mergers. Specifically, Macedonian law provides for employee participation in the management of the newly formed entity following a cross-border merger, in accordance with the Law on European Companies. Similarly, the Law on European Works Councils establishes a framework for informing and consulting employees in multinational companies operating within the European Union. The application of both laws in North Macedonia is directly linked to the country's EU accession process.

Surprisingly, certain Macedonian legal provisions explicitly prohibit employees from participating in company supervisory bodies. For example, an employee cannot be elected as a member of a supervisory board or as a controller in a limited liability company. Additionally, employees are prohibited from serving on supervisory boards in insurance companies and banks. While restrictions in the financial sector may be argued due to sector-specific risks and regulatory concerns, which are not persuading arguments either, there is especially little or no justification for prohibiting employee participation in supervisory bodies of limited liability companies.

In general, Macedonian law limits employee involvement in corporate governance, when there is any, to consultation and information-sharing mechanisms. The Law on Labor Relations includes provisions for informing employees, defined in Article 94-a, paragraph 1 as "the transfer of data by the employer to the employees' representatives so that they can familiarize themselves with and examine the information." Paragraph 2 further defines consultation as "the exchange of opinions and the establishment of a dialogue between the employees' representatives and the employer." These obligations apply to companies with more than 50 employees, public enterprises, and institutions with over 20 employees. However, this framework does not grant employees any formal decision-making authority.

Employee stock ownership is similarly underdeveloped in North Macedonia's legal system. Initially, Article 281 of the Law on Trade Companies allowed for the allocation of "free shares or shares at a preferential price" to employees. However, this provision was repealed in 2007. Interestingly, the same legislative amendments reintroduced the possibility of establishing funds from which employees could acquire shares of a joint-stock company free of charge or at a preferential price. Despite this, employee stock ownership remains rare in practice.

Nonetheless, some initial efforts to implement employee participation models have emerged. Since January 1, 2022, the private clothing factory 'Vabo' in Shtip has been managed by its workers, who operate the factory, oversee production, and determine salaries based on output and market performance. Another example is 'Wienerberger' from Vinica, where 120 employees were awarded 20 shares each in 2022 as a reward for their contributions. These cases raise the question of whether North Macedonia should consider a modern adaptation of the positive aspects of the socialist self-management system within its contemporary capitalist framework. The science is clear that employee representation in management bodies or stock ownership schemes would enhance corporate stability and workforce innovation. Thus, Macedonian corporate law, which currently lacks significant provisions for employee involvement, must evolve to include mechanisms for both employee representation in management and financial participation through share ownership.

Concluding Observations

Scientific research on employee engagement models highlights the differing impacts of employee representation on corporate boards versus stock ownership on organizational outcomes. Representation enhances participation in decision-making, fostering a collaborative and transparent work environment. Conversely, stock ownership aligns employee interests with corporate success by providing financial incentives. Both models have advantages and limitations, and emerging research suggests that hybrid models combining participatory management with financial incentives may maximize employee engagement and organizational performance.

Despite extensive global research on employee engagement models in countries such as the United States, Germany, and the United Kingdom, North Macedonia lacks systematic studies on these models within its corporate governance and labor market frameworks. The country's legal and organizational structures primarily emphasize traditional top-down management, with little exploration of participatory governance or employee ownership. Consequently, the potential benefits of these models remain largely unrealized.

This article is particularly relevant for North Macedonia as it provokes an in-depth analysis of how employee engagement models could be adapted and implemented in the local context. By addressing this research gap, the findings aim to offer valuable insights for policymakers, business leaders, and scholars interested in modernizing corporate governance, fostering greater employee engagement, and enhancing organizational performance in a developing economy like North Macedonia.

Ultimately, this area of research has the potential to reshape Macedonian corporate governance by bridging the gap between employee engagement and legal frameworks. Through a rigorous analysis of employee representation and stock ownership models, the business sector can contribute to the modernization of national law and align Macedonia with global best practices. Especially in times when workers are leaving the country in drastic numbers, labor shortages are increasing, and companies frequently complain about their inability to pay bonuses or properly reward high-performing employees without the additional burden of taxes and social contributions.

Findings of this kind provide actionable insights with broad implications, not only for legal research and policy development but also for the future of business in North Macedonia. At a time when workforce shortages are a pressing issue across multiple sectors, empowered and engaged employees are essential for sustainable growth, innovation, and corporate success.

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