The International Comparative Legal Guide to:
Employment & Labour Law 2011
A practical cross-border insight into employment and labour law

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1 Terms and Conditions of Employment

1.1 What are the main sources of employment law?


1.2 What types of worker are protected by employment law? How are different types of worker distinguished?

The Labour Code (‘LC’) protects all workers, unless their employment is not regulated by any special law.

The LC provides for the following types of engagement: part-time employment agreement; home-based work agreement; commercial agent agreement; and agreement for acquiring a specific profession. The parties entering into such engagements are also subject to the provisions of the Albanian LC.

The employment of civil servants is regulated by a special law, Law no. 8549 dated November 11, 1999 “On the Status of the Civil Servants”.

In addition, a service agreement is another type of engagement frequently used in practice in Albania. However, this type of agreement can only be entered into with physical person(s) registered for commercial purposes. The service agreement is a sui generis agreement, and such agreement is regulated by the provisions of the Albanian Civil Code and not by the LC.

1.3 Do contracts of employment have to be in writing? If not, do employees have to be provided with specific information in writing?

Employment contracts may be agreed orally or in writing. In the event that the employment contract is agreed orally, the employer is obliged to produce a written employment contract within 30 (thirty) days from the date of the oral agreement, bearing the signature of the employer and that of the employee and containing all mandatory legal elements as provided in the LC. Failure to issue the employment contract in written form will not affect the validity of the agreed contract, but the employer will be subject to a fine.

1.4 Are any terms implied into contracts of employment?

Some terms are implied into employment contracts e.g.: payment of social insurance and health contributions and of the corresponding withholding tax on personal incomes generated from employment; the right to the minimum notice period; non-discrimination; duty of the employer and employee for confidence and trust (i.e. good faith); the right of the employee to not work during public holidays (in the case that the employee works during such public holidays, the employee should be paid as defined in the LC); and the employees’ duty to obey any reasonable instructions given by the employer, etc.

1.5 Are any minimum employment terms and conditions set down by law that employers have to observe?

The employer should respect the minimum employment age. According to article 98 of the Albanian LC, the employment of a minor person under 16 (sixteen) years’ old is prohibited. Furthermore, the employer ought to respect the minimum monthly salary to be paid to all employees which according to the Council of Minister Decision no. 566, dated July 14, 2010 “On Defining the National Minimum Salary” is 19,000 ALL (~190 USD) and to declare them periodically at the Labour and Tax Office.

1.6 To what extent are terms and conditions of employment agreed through collective bargaining? Does bargaining usually take place at company or industry level?

Collective bargaining can negotiate all employment terms and conditions, providing that these provisions are not less favorable for the employees than the provisions defined in the existing laws and secondary legislation. Usually, collective bargaining takes place between the employer and one or more trade unions of the company (i.e. employer).
2 Employee Representation and Industrial Relations

2.1 What are the rules relating to trade union recognition?

A trade union must have a minimum of 20 (twenty) people and is formed as an organisation/body with legal status gained through the registration as such with the Court of Tirana.

2.2 What rights do trade unions have?

A trade union can negotiate with employers on the pay and conditions of work. Each legally-founded trade union may also make a collective bargaining request to its employer or employer organisation, in order to commence negotiations in relation to a collective labour contract at either enterprise, group of enterprises, or sector level. Furthermore, the trade unions are entitled to exercise the right of strike for the purpose of solving their economic and social requests in compliance with the rules as defined by the LC.

2.3 Are there any rules governing a trade union’s right to take industrial action?

Yes. There are specific rules defined in the LC that govern the trade unions’ right to take industrial actions such as strike. According to the provisions of the LC the strike shall be lawful if it is organised by a trade union and it aims to reach the signing of a collective agreement, the trade union and the employer have made efforts to come to an agreement and the strike is in compliance with the legislation in force.

2.4 Are employers required to set up works councils? If so, what are the main rights and responsibilities of such bodies? How are works council representatives chosen/appointed?

This is not applicable in Albania.

2.5 In what circumstances will a works council have co-determination rights, so that an employer is unable to proceed until it has obtained works council agreement to proposals?

This is not applicable in Albania.

2.6 How do the rights of trade unions and works councils interact?

This is not applicable in Albania.

2.7 Are employees entitled to representation at board level?

Article 21 of the Company Law no. 9901, dated April 14th, 2008 expressly provides for the participation of employees at board level and only in joint stock companies. According to this legal provision, the legal representative of the company (i.e. the employer) and the Employees Council (EC) may agree that the EC may nominate persons to represent the employees at board level.

3 Discrimination

3.1 Are employees protected against discrimination? If so, on what grounds is discrimination prohibited?

The discrimination of employees is prohibited under the Constitution of the Republic of Albania, with the conventions ratified by Albania and the Albanian legislation. The LC, Law no. 9773 dated July 12, 2007 “On Ratification of the ILO Convention, 1958 on Discrimination (Employment and Occupation)” and article 1 of Law no. 10221 dated February 4, 2010 “On Protection from Discrimination” provides that the persons cannot be discriminated against because of gender, race, colour, sexual orientation, disability, ethnic background, nationality, religion or belief, age, educational or social origin, family relation, pregnancy and maternity leave, economic condition, residence, and/or belonging to a particular group.

3.2 What types of discrimination are unlawful and in what circumstances?

Any differentiation, exclusion or preference based on race, colour of skin, sex, age, religion, political beliefs, nationality, pregnancy and maternity leave, social origin, family relation, or physical or mental disability, that violates the right of an individual for equal treatment in employment, is considered unlawful. Please note that differentiation, exclusion or preferences required by a specific job position are not considered as discrimination. Furthermore, according to article 115 of the LC, the employer shall give the same salary to employees carrying out the same jobs. In the case that the employer pays to the employee a different salary for the same job, this shall be considered as discrimination.

3.3 Are there any defences to a discrimination claim?

Employers may defend against discrimination claims by proving to the tribunals that they had reasonable cause or a legitimate non-discriminatory cause for dismissing or taking other actions against the employee(s).

3.4 How do employees enforce their discrimination rights? Can employers settle claims before or after they are initiated?

The employees can enforce their non-discrimination right(s) by referring any discrimination matter to a competent tribunal. The employer may settle claims before or after they are initiated.

3.5 What remedies are available to employees in successful discrimination claims?

In the case that the employment contract is terminated because of discrimination, the employer should pay to the employee a damage compensation of 12 (twelve) monthly salaries. Other remedies also may include payment of expert witness fees, and court costs and expenses, etc.

4 Maternity and Family Leave Rights

4.1 How long does maternity leave last?

The existing Law “On Social Security” provides that a pregnant
A woman is entitled to paid maternity leave of 365 calendar days (the “protection period”), including a minimum of 35 (thirty-five) days prior to childbirth and 42 (forty-two) days after childbirth.

In the event of the birth of more than one child, the duration of this period is extended to 390 days. During this period, the employees shall receive payment from the Social Security Institute (‘SII’) amounting to: 80 per cent of the average daily salary over the last calendar year, applicable for the first 150 days of the maternity leave; and 50 per cent of the average daily salary for the last calendar year, applicable for the remaining days of maternity leave. Maternity leave is paid by the SII and not by the employer.

**4.2 What rights, including rights to pay and benefits, does a woman have during maternity leave?**

The employer cannot terminate the employment contract in the period during which the woman benefits from income from the SII due to childbirth or child adoption. When the termination of the employment contract is announced before the “protection period” (as defined in our response to question 4.1), and the notice period has not expired, this notice period shall be suspended during the “protection period”. The deadline for the notice of termination continues only after the “protection period” has expired.

**4.3 What rights does a woman have upon her return to work from maternity leave?**

The employer cannot terminate the employment contract, because of childbirth, when the female employee is back at work from maternity leave.

**4.4 Do fathers have the right to take paternity leave?**

According to the Council of Minster Decision No. 511 dated October 24, 2002 “On working Hours and Leave in Public Administration”, as amended, the male employees working in public administration have 3 (three) days’ leave as paternity leave. The Albanian LC does not provide for any paternity leave and does not have any other provision related to paternity leave.

**4.5 Are there any other parental leave rights that employers have to observe?**

The employee is entitled to other periods of paid leave in specified circumstances:

i. in the event of the death of a spouse, direct predecessors or descendants: 10 days;

ii. in the event of serious illness of direct predecessors or descendants, as evidenced by a medical report: 10 days;

iii. in the event of indispensable care for dependent children: 12 days per year; and

iv. in the event of illness, as evidenced by a medical report, of a child less than 3 years: 15 days.

Furthermore, the employee is entitled to an additional 30 (thirty) days’ leave without pay in case of indispensable care for dependent children.

**4.6 Are employees entitled to work flexibly if they have responsibility for caring for dependents?**

Breastfeeding mothers cannot be obliged to begin their work day before 5am in summer time or 6am in winter time and to terminate the working day after 8pm. Breastfeeding mothers are entitled to a paid break of not less than 20 (twenty) minutes every 3 (three) hours, in the case that this is justified by their condition(s).

The LC does not have other related mandatory provisions. However, the employer and the employee can agree on other flexible work arrangements.

**5 Business Sales**

**5.1 On a business sale (either a share sale or asset transfer) do employees automatically transfer to the buyer?**

In the event of transferring an enterprise or part of it, all rights and obligations arising from a contract of employment valid until the moment of transfer, will pass on to the person that, due to such transfer, will inherit the rights and obligations of the employer. Any employee refusing to change employer in this event remains bound by the employment contract until the expiration of the termination notice.

**5.2 What employee rights transfer on a business sale? How does a business sale affect collective agreements?**

In a business sale, all rights and obligations, powers and liabilities under the employee’s employment contract are transferred to the transferee. Liabilities arising before the transfer such as unpaid wages, etc., are excluded from the applicability of the general rule; such liabilities remain with the transferor (i.e. the employer).

**5.3 Are there any information and consultation rights on a business sale? How long does the process typically take and what are the sanctions for failing to inform and consult?**

Article 139 of the LC provides for an information and consultation procedure in the event of a transfer of an enterprise. The transferor and the transferee are obliged to inform the trade union of its role in the capacity of the representative of employees, or, in the absence of a trade union, the employees are informed of and explained the reason for the transfer, its legal, economic and social effects on the employees, and the measures to be undertaken in respect thereof. Moreover, they are obliged to engage in consultations regarding the necessary measures to be taken at least 30 (thirty) days prior to the completion of the transfer. In the event that an employer terminates the contract without following the above-mentioned procedures of information and consultation, each employee(s) is entitled to a compensation equal to six months’ salary in addition to the salary he/she would have received during the prior notice period. Employers failing to comply with the above-mentioned procedures may be punished with a fine in the amount of 30 (thirty) times of the minimal monthly salary.

**5.4 Can employees be dismissed in connection with a business sale?**

An employee cannot be dismissed because of a business sale. Exceptions to this rule are when the dismissals are due to economic, technical or organisational reasons that impose changes to the organisational structure of the company.
6.5 When will an employer be entitled to dismiss for: 1) reasons related to the individual employee; or 2) business related reasons? Are employees entitled to compensation on dismissal and, if so, how is compensation calculated?

According to the LC, a termination of the employment contract by an employer is considered without cause (i.e. the employer cannot dismiss the employee for these causes) when it is based on the fact:

a) the employee had genuine complaints arising from the employment contract;

b) the employee had satisfied a legal obligation (e.g. given evidence in court);

c) the employee’s particulars only (such particulars being race, colour, sex, age, civil status, family obligations, pregnancy, religious or political beliefs, nationality, social status);

d) that the employee had to exercise constitutional rights; and

e) the employee participates in lawful labour organisations and their activities.

Thus, the employer may terminate the employment contract for any other cause which is not mentioned above.

The Albanian LC provides for dismissal compensation as described below:

If the employer terminates the employment contracts with a cause, the employer has to pay to the employee:

a) a salary for the notice term;

b) a seniority bonus if the employee has worked for more than 3 (three) years, such seniority bonus ought to be at least the equivalent of 15 days’ salary for each complete working year, calculated on the basis of the salary existing at the termination of the labour relations;

c) a salary corresponding to days of annual leave not given/taken; and

d) 2 (two) monthly salaries, if the employer has failed to observe the procedure for the termination.

In the case that the court shall decide that the employment contract is terminated without cause, it may order the employer to pay, in addition to the above payments, a damage compensation that according to the law can go up to 12 (twelve) monthly salaries.

In the case of immediate termination for serious breach of the employment contract, the employer is obliged to pay to the employee only an amount equal to the salary corresponding to annual leave vacations which have not been taken/given.

6.6 Are there any specific procedures that an employer has to follow in relation to individual dismissals?

There are procedures which must be followed when the employer decides to terminate an employment contract, both in the case of immediate termination for a cause or with prior notice. If such termination takes place after the probationary period, the employer must convene a meeting with the employee to discuss the reasons giving at least 72 hours’ prior written notice. The notice of termination of employment may be given to the employee from 48 hours to one week following the date of the meeting. Should the employer fail to follow this procedure, the employer shall be obliged to pay the employee a compensation equal to two monthly salaries, and other possible compensation. This procedural requirement does not apply to collective dismissals for which there is a separate special procedure.
6.7 What claims can an employee bring if he or she is dismissed? What are the remedies for a successful claim?

If the contract is terminated by the employer without cause, the employee has the right to sue the employer within 180 days, starting from the day on which the notice deadline expired. Furthermore, the employee has the right to sue the employer for termination without respecting the termination procedure and the notice deadline, or for the failure to pay the payments due to the employee in the case of termination. Remedies for successful claims include: a salary for the notice term; the seniority bonus; payment equal to the salary corresponding to any annual leave not given/taken; two monthly salaries, if the employer has failed to observe the procedure for the termination; a damage compensation for termination without cause of up to 12 (twelve) monthly salaries; and/or payment of expert witness fees and court costs and expenses.

6.8 Can employers settle claims before or after they are initiated?

Yes, the employer(s) can settle claims before or after they are initiated.

6.9 Does an employer have any additional obligations if it is dismissing a number of employees at the same time?

Yes. In the case that the employer dismisses a number of employees at the same time, it may be considered as collective dismissal. Collective dismissal is defined as the termination of labour relations by the employer for reasons unrelated to the employee(s), where the number of dismissals in a 90-day period is at least:

i. 10 for enterprises employing up to 100 employees;
ii. 15 for enterprises employing 100-200 employees;
iii. 20 for enterprises employing 200-300 employees; and
iv. 30 for enterprises employing more than 300 employees.

Article 148 of the LC defines specific procedures which need to be followed when an employer plans to execute collective dismissals. The employer shall inform the employees’ trade union in writing. In the absence of a trade union, the employees shall themselves be informed by way of a notice placed visibly in the workplace. The notice shall contain: the reason(s) for dismissal; the number of the employees to be dismissed; the number of employees employed; the period of time during which it is planned to execute the dismissals.

One copy of this notice must also be submitted to the Ministry of Labour and Social Affairs. In order to attempt to reach an agreement, the employer shall then undertake the consultation procedure with the employees’ trade union within 20 days of the date on which the notice was displayed. In the absence of a trade union, all interested employees are entitled to participate in the consultations. If the parties fail to reach an agreement, the Ministry of Labour and Social Affairs shall assist them in reaching an agreement within 20 days of the date on which the employer informed the Ministry in writing of its aims of completing the consultation procedure. After the termination of the 20-day deadline the employer can then inform the employees of their dismissal and begin the termination of employment contracts providing the following notice periods:

i. for up to one year of employment: one month;
ii. for two up to five years of employment: two months; and
iii. for more than five years of employment: three months.

6.10 How do employees enforce their rights in relation to mass dismissals and what are the consequences if an employer fails to comply with its obligations?

Employees can enforce their rights by suing the employer via the competent tribunal. Non-compliance with the procedure defined in our response above shall result in the employees receiving compensation of up to six months’ salary in addition to the salary payable for the notice period, or to additional compensation awarded due to non-compliance with the provision of the specified notice periods.

7 Protecting Business Interests Following Termination

7.1 What types of restrictive covenants are recognised?

In addition to the provision which provides that during the employment period the employees are not permitted to work for third parties if such other employment would harm the employer or create competition for the employer, there are provisions to prevent the employee from working for a competitor after the termination of the employment agreement.

7.2 When are restrictive covenants enforceable and for what period?

According to the LC, non-competition clauses taking effect after termination can be enforced subject to the following conditions:

a) they are provided in writing at the beginning of the employment relationship;

b) the employee is privy to professional secrets in respect of the employer’s business or activity during the course of employment; and

c) the abuse of such privilege shall cause significant damage to the employer.

The “non-competition” period may not be longer than one year.

7.3 Do employees have to be provided with financial compensation in return for covenants?

According to article 28 of the Albanian LC, an agreement on non-competition after termination is subject to remuneration for the employee, such remuneration amounts to 75 per cent of the salary he would have received if he were still working with the employer.

7.4 How are restrictive covenants enforced?

The restrictive covenants are enforced by signing up to restrictive covenants as a separate agreement or as a part of the employment contract.

8 Court Practice and Procedure

8.1 Which courts or tribunals have jurisdiction to hear employment-related complaints and what is their composition?

Lawsuits against the persons living inside the territory of Albania are filed at the court of the defendant’s place of residence. A lawsuit may be filed even in the court of the country where the employee
Emel Haxhillari graduated from the Law Faculty at the South East European University in Macedonia/FYROM and she has further completed a post graduate degree (Masters Degree) in European Studies at the University of Tirana. Ms. Haxhillari is an employment lawyer who has worked at "KALO & ASSOCIATES" for over 3 years. She is also a member of the Tirana Bar Association. Amongst other matters, Ms. Haxhillari advises on: employment contracts, drafting and reviewing, and also management service contracts; registration of employees for new companies, branches, etc.; collective labour agreements and trade unions; social security and health insurance and pension schemes in Albania; and termination of labour relationship, etc. In addition, as an employment lawyer she covers issues including entry clearance requirements, residence permits and work permits. Emel is fluent in Albanian, English and Italian. Since 2007, she has published articles in various domestic and foreign publications on Albanian employment law.

Established in 1994, KALO & ASSOCIATES is recognised as a leading law firm in Albania and Kosovo. As a full service law firm, it specialises in a broad spectrum of areas of commercial law and as a first class legal counsel acts for the most prominent foreign and multinational companies, providing high-quality, efficient and cost-effective legal services.

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The Employment Team advises on all aspects of Labour law and Residency issues having represented many domestic and international clients on matters ranging from the drafting of employment contracts, negotiating settlements, advising on re-structuring and reorganisation, employee share scheme, social security and related tax issues and more.

8.2 What procedure applies to employment-related complaints? Is conciliation mandatory before a complaint can proceed?

There is no mandatory conciliation procedure prior to a complaint being submitted to the Albanian court. However, after the lawsuit is submitted to the competent court, the provisions of the Albanian Code of Civil Procedures apply for the employment-related complaints in the same manner and at the same extent as with other civil disputes. For such civil disputes, a conciliation mandatory hearing is held by the court before such court proceeds further with the lawsuit.

8.3 How long do employment-related complaints typically take to be decided?

Court decisions for an employment-related complaint may take from 6 (six) months up to 1 (one) year.

8.4 Is it possible to appeal against a first instance decision and, if so, how long do such appeals usually take?

Yes, it is possible to appeal against a first instance decision and before the relevant Court of Appeals and then to the Supreme Court; in practice, the appeal process may only take 1 (one) year.

Aigest Milo is a lawyer who graduated in Business Law from the “Paris Ouest Nanterre La Defense”, Paris, France. Mr. Milo joined “KALO & ASSOCIATES” in 2009, serving as an Associate within the Tax & Employment Department. The focus of his work includes legal opinions on employment issues. He has provided some qualitative legal assistance to several local and foreign companies such as Cargill, Bechtel International, Global Petroleum, Vodafone, Alpha Bank, etc. Aigest Milo is fluent in English, French, Italian and Greek.
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