



## The State of Play Croatian Labour Law at EU Accession

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**ABSTRACT**

*This working paper describes the features of Croatia's labour law at the time of EU accession. To better understand these features, the working paper introduces statistical data on Croatia's economy and labour market. The next section on the Croatian Labour Act highlights the influence of Germany's protective labour legislation on Croatian labour law. The section on Croatia's individual labour law explores inflexible and flexible forms of employment (particularly temporary agency work) as well as regulation of working time. To depict the characteristics of Croatia's trade union scene, the section on Croatian collective labour law explains the role of trade unions in the regulation of after-effect of collective agreements. Finally, the concluding section emphasises the lack of strategy in shaping the policy and legislative framework; too many amendments of relevant laws that hamper the principle of legal certainty, and legislative provisions that are too complex and are neither in the interest of the employers nor of the employees.*

**Inhalt**

SECTION I: INTRODUCTION .....	4
SECTION II: GENERAL BACKGROUND .....	4
SECTION III: LABOUR LAW .....	6
SECTION IV: A INDIVIDUAL LABOUR LAW .....	7
SECTION V: COLLECTIVE LABOUR LAW .....	9
SECTION VI. CONCLUSION.....	13

## SECTION I: INTRODUCTION

It took over 10 years for Croatia to become the 28th Member State of the EU.<sup>1</sup> The development of Croatian labour law was significantly influenced by the EU *acquis* during that long process.<sup>2</sup>

This working paper aims to provide an overview of Croatia's individual and collective labour law at EU accession.<sup>3</sup> It comprises six sections. Following the introduction, the second section provides general information and statistical data on Croatia's economy and labour market. In the third section, the influence of Germany's protective labour legislation on Croatian labour law and the problematic practice of frequent amendments to relevant legislation will be elaborated. The fourth section explores inflexible and flexible forms of employment (particularly temporary agency work) and the regulation of working time. The fifth section focuses on Croatia's trade union scene and the role of trade unions within the context of regulating the after-effect of collective agreements. Finally, the sixth section summarises the concluding remarks.

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*Croatian labour law is significantly influenced by the EU.*

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## SECTION II: GENERAL BACKGROUND

To better understand the specific features of Croatian labour law as well as the context in which it operates, we need to take a closer look at (statistical) data on Croatia's economy, population and employment.

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*Croatia has the lowest employment rate among the EU Member States and a high unemployment rate.*

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<sup>1</sup> On 21 February 2003, Croatia submitted its application for full EU membership. On 18 June 2004 in Brussels, Croatia was granted the status of an official candidate for EU membership. The Stabilisation and Association Agreement entered into force on 1 February 2005. On 30 June 2011, all 35 negotiating chapters were closed; this marked the formal closing of negotiations for the accession of the Republic of Croatia to the European Union. The Accession Treaty was signed on 9 December 2011 in Brussels. At a referendum held on 22 January 2012, the citizens voted in favour of Croatia joining the EU. A total of 66.27% voted in support of EU accession. Since 1 July 2013, Croatia has been a Member State of the EU.

<sup>2</sup> The most common justification for the amendment of Croatian legislation over the last decade has been the necessity to align it with the EU *acquis*. This argument was even used in cases in which national legislation was amended although there was no basis in the EU *acquis*. For example, the duration of compulsory maternity leave was extended in 2011 by amendment to the Maternity and Parental Benefits Act. Prior to the amendment, the duration of compulsory maternity leave was 70 days. The amendment introduced a compulsory maternity leave of 98 days. Alignment with the Pregnant Workers Directive was used as a reason for this amendment. Yet according to Directive 92/85/EEC, the minimum duration of compulsory maternity leave should be allocated at least two weeks before and/or after confinement (Article 8(2) of Directive 92/85/EEC). Clearly, the relevant legislation, which stipulated a 70-day compulsory maternity leave, had been in line with the Pregnant Workers Directive.

<sup>3</sup> For more details, see: Grgurev, Ivana. 'Labour Law in Croatia'. Alphen aan den Rijn, NL: Kluwer Law International, 2013

Croatia's socialist and semi-market economy transformed into an open market economy based on private property in the 1990s. However, the transformation of ownership and privatisation in the economy brought with it corruption and fraud. Economic progress was hampered by the war (1991-1995). The damage caused by the war was estimated at USD 37.1 billion in 1999.<sup>4</sup> Such losses entail long-term consequences that are still being felt to this day.

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*High labour costs in Croatia.*

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In 2011, the GDP per capita estimated at current prices was EUR 10.205. According to Eurostat (2012), Croatia's GDP per capita in terms of purchasing power reached 61% of the EU average. Croatia imports more than it exports. Tourism is a vital source of revenue for the state. In 2011, tourism brought in EUR 6.6 billion.<sup>5</sup>

According to the Croatian Bureau of Statistics, Croatia's economically active population in 2011 was 1.716.571. Out of that number, 1.490.000 persons were employed. Broken down by gender, 679.000 women were employed. The activity rate in 2011 was 45,1% (that of women was 39%). The overall employment rate of individuals aged 15-64, was 50.7% in 2012, the lowest among all EU-28 Member States. One of the Europe 2020 targets is to provide employment for 75% of EU residents aged 20-64; for Croatia, the target is 59%.<sup>6</sup>

According to the Croatian Employment Service, the registered unemployment rate in 2011 was 17.8%, only slightly higher than in 2010 (17.4%). The number of registered unemployed is, however, gradually increasing. The Croatian Bureau of Statistics conducts labour surveys based on the standard methodology used by the ILO and Eurostat; that is, the data generated by the Bureau are comparable internationally. The ILO unemployment rate, according to the 2011 survey, was 13.5%. The unemployment rate in Croatia rose from a pre-crisis low of 8.4% in 2008 to 15.9% in 2012, while that in the EU-27 increased from 7.1% to 10.5% over the same period. Croatia's unemployment rate in 2012 was considerably lower than Spain or Greece's; it was similar to Portugal's unemployment rate but higher than that of the other 27 Member States. The country's long-term unemployment rate, i.e., the number of those who have been unemployed for one year or longer, was 10.3%, which is more than double that of the EU-27's average of 4.6%.<sup>7</sup>

Labour costs are quite high (i.e., social security contributions and taxes are very high). Gross wages and salaries accounted for 84.3% of Croatian firms' labour costs in 2012, a share that was exceeded by only six other Member States; the average share of the EU-27 was

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<sup>4</sup> 'Hrvatska', in: Hrvatska enciklopedija, Vol. 4., Leksikografski zavod Miroslav Krleža, Zagreb.

<sup>5</sup> Statistical Yearbook of the Republic of Croatia 2012, p. 386, <http://www.dzs.hr/>

<sup>6</sup> A statistical portrait of Croatia in the European Union 01.07.2013. <http://www.dzs.hr/>

<sup>7</sup> A statistical portrait of Croatia in the European Union 01.07.2013, p. 68. <http://www.dzs.hr/>

75.8%.<sup>8</sup> Employment in the informal sector and envelope payment (wage underreporting) are therefore fairly common in Croatia.<sup>9</sup>

In short, Croatia's economy has been in recession for years; its unemployment rate has been increasing and labour costs are quite high.

The following sections will shed some light on Croatia's employment protection legislation and the reasons why it is comparatively rigid.

### SECTION III: LABOUR LAW

Until 1 January 1996, employment relations were regulated by laws which had been inherited from the socialist era. These laws prevailed until the entry into force of the Labour Act of 1995, which was modelled on German protective labour legislation. Employment is regulated by the Labour Act (*lex generalis* in the Republic of Croatia), unless specified otherwise by law<sup>10</sup> or included in a treaty that has been concluded, ratified and duly promulgated in accordance with the Constitution.

The Labour Act of 2009 (amended in 2011, 2012 and 2013) is in effect today. The Act succeeded the original Labour Act of 1995. Although a number of changes have been introduced—specifically on working time organisation, rest periods, night work and employee participation mechanisms—the Labour Act of 1995 has not been modified substantially. The most recent amendment (which entered into force on 23 June 2013) introduced more flexicurity. The next amendments, which will further increase flexicurity, are expected to take effect by the end of 2013. This pace of change in labour law regulations confounds the principle of legal certainty.

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<sup>8</sup> Average hourly labour costs among the EU-28 Member States ranged from EUR 3.70 in Bulgaria to EUR 41.90 in Sweden, with the Croatian average lying at EUR 8.30, around one-third of the EU-27 average (EUR 23.60). A statistical portrait of Croatia in the European Union 01.07.2013, p.72.

<sup>9</sup> For more details, see: Grgurev/Vukorepa. Minimum Wage as a Tool in the Fight against Poverty: Croatian Labour Law Perspective, Graz, 2013 (paper accepted for publication). See also: Nestić/Rašić Bakarić. Minimum Wage Systems and Changing Industrial Relations in Europe – National Report Croatia. Institute of Economics, Zagreb, 2010, <http://www.eizg.hr>

<sup>10</sup> Such as the Civil Servants Act, the Minimum Wage Act, the Occupational Health and Safety Act, the Act on Public Holidays in the Republic of Croatia, the Maternity and Parental Benefits Act, the Job Subsidies Act, the Act on Securing Debts Owed to Employees in Insolvency Proceedings, the Act on the Employment Mediation and Unemployment Rights, the Act on Occupational Rehabilitation and Employment of Persons with Disabilities, the Act on the Criteria for Participation in Tripartite Bodies and Representativeness for Collective Bargaining, etc.

#### SECTION IV: A INDIVIDUAL LABOUR LAW

To depict the level of employment protection in Croatian individual labour law,<sup>11</sup> the focus in this section will be on inflexible and flexible forms of employment (fixed-term contracts, part-time work and agency work) and regulation of working time.

As a rule, the legislator envisages the conclusion of employment contracts for an indefinite period (open-ended employment contract). Although the Croatian Employment Bureau has cautioned that the number of fixed-term contracts has increased over the past few years, the majority of employment contracts concluded are open-ended. Part-time employment is less common in Croatia than in the EU-27 as a whole, with only 8.4% of all employees in Croatia working part-time.<sup>12</sup> Some authors have emphasised the dominance of inflexible forms of employment and employment protection meant to preserve the positions of so-called insiders.<sup>13</sup>

Although the content of Croatia's employment legislation seems to be in conformity with the EU *acquis*, some labour law scholars criticise the rigidity of the provisions of the Labour Act on Agency Work and the regulation of working time as a threat to employment.<sup>14</sup> According to *Potočnjak*, the Labour Act takes a negative stance towards agency work contrary to Directive 2008/104/EC.<sup>15</sup> The Labour Act has introduced a number of restrictions on the use of temporary agency work, for example, by including limitations to the use of temporary agency work in collective agreements. Moreover, temporary work agencies may not assign a worker to a user

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*The rigidity of provisions of the Labour Act on agency work and the regulation of working time as a threat to employment.*

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<sup>11</sup> Individual labour law, as is the case in comparable legal systems, defines individual employment relationships. It includes the following areas: conclusion of an employment contract; temporary employment; protection of life, health and privacy of employees; trial period; education and training for work; working time; rest period and various forms of leave; protection of pregnant employees, parents and adoptive parents; protection of employees who are temporarily or permanently unable to work; salaries; inventions and technical innovations made by employees; prohibition of competition between an employee and their employer; compensation for damage, and termination of an employment contract. The Labour Act guarantees a minimal level of legal protection to employees in the business sector, while a higher protection standard is provided for by the relevant provisions in the work rules (internal work regulations), collective agreements, works agreements or employment contracts.

<sup>12</sup> The EU-27 average (20.0%) was pulled up by an extremely high incidence of part-time employment in the Netherlands and high incidences in both the United Kingdom and Germany. A statistical portrait of Croatia in the European Union 01.07.2013 p. 67, <http://www.dzs.hr/>

<sup>13</sup> Nestić/Rašić Bakarić. Minimum Wage Systems and Changing Industrial Relations in Europe – National Report Croatia. Institute of Economics, Zagreb, 2010, p. 2, <http://www.eizg.hr>

<sup>14</sup> Potočnjak, Zeljko. Fleksigurnost radnih odnosa u Hrvatskoj i pravna stečevina Europske unije, in: Zbornik 51. susreta pravnika (ed. Barbić, Jakša and Giunio, Miljenko). Zagreb, 2013, p. 283-326.

<sup>15</sup> *Ibidem*, p. 305.

undertaking to perform the same type of work for an uninterrupted period exceeding one year; the principle of equal treatment has been introduced in its broadest form (the working and employment conditions of temporary agency workers must be the same as those for workers who are directly recruited by the given undertaking to perform the same tasks) for the duration of their assignment at the user undertaking; the exemption provided in Article 5(2) of Directive 2008/104/EC is not included,<sup>16</sup> but the Labour Act stipulates that a worker who is employed by a temporary work agency is entitled to salary compensation in the amount of his/her average salary over the last three months during the period in which he/she is not assigned to a user undertaking. To evade their obligations during periods in which their workers are not assigned to a user undertaking, temporary work agencies often opt to synchronise the employment contracts and worker assignment agreements. They conclude temporary employment contracts with a duration equal to that of the worker's assignment in the user undertaking.<sup>17</sup>

Working time regulation in Croatia is very complex. The rules on working time are more rigid than those set out in Directive 2003/88/EC. Working time (full-time, part-time, reduced), overtime, working time scheduling and rescheduling, night work and work in shifts have been dealt with in the provisions of the Labour Act (Articles 42 through 51) in a manner, which has made it very difficult to organise working and resting time efficiently. Full-time work may not exceed 40 hours a week. Full-time work is even less than 40 hours a week, taking into account that rest periods count as working time. That is, an employee who works at least six hours a day has the right to a paid rest period (i.e., a break) of at least 30 minutes on each working day, unless specified otherwise in a separate law. A minor who works at least four and a half hours a day also has the right to a paid rest period (i.e., a break) of at least 30 continuous minutes on each working day. As has already been mentioned, rest periods count as working hours. According to the Croatian Employers' Association, counting breaks as working time generates increased costs for the employers who have therefore suggested an amendment of this provision.

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*Working time regulation in Croatia is very complex.*

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<sup>16</sup> According to the Article, as regards pay, Member States may, after consulting the social partners, provide for an exemption to be made to the principle of equal treatment where temporary agency workers, who have concluded a permanent employment contract with a temporary work agency, are continued to be paid between assignments.

<sup>17</sup> Potočnjak, Zeljko. *Fleksigurnost radnih odnosa u Hrvatskoj i pravna stečevina Europske unije*, in: *Zbornik 51. susreta pravnika* (ed. Barbić, Jakša and Giunio, Miljenko). Zagreb, 2013, p. 306. See also: Grgurev, Ivana. 'Labour Law in Croatia'. Alphen aan den Rijn, NL: Kluwer Law International, 2013, p. 31-32.



Overtime is regulated in Article 45 of the Labour Act. In case of *force majeure*, an extraordinary increase in the scope of work and in other similar cases of absolute necessity, the employee is obliged, at the employer's request, to work more than full-time working hours, but no longer than eight hours a week.<sup>18</sup> According to Article 16 (b) of Directive 2003/88/EC, Member States may, for the application of Article 6 (maximum weekly working time), determine a reference period which does not exceed four months. In Croatia, a fourth-month reference period is only provided for shift workers<sup>19</sup> and in cases of rescheduled working time.<sup>20</sup> The regulations on rescheduled working time are very complex: work time rescheduling may be included in a collective agreement or in an agreement concluded between the works council and the employer. If it is not provided therein, the employer must elaborate a plan for rescheduled working time and submit it to the labour inspector.

## SECTION V: COLLECTIVE LABOUR LAW

Collective labour law regulates—as is the case in comparable legal systems—the structure of industrial relations. It covers the following areas: the establishment and registration of employees' and employers' associations; collective bargaining and collective agreements; strike and collective labour dispute resolution and the Economic and Social Council (a tripartite body that deals with economic and social questions and problems). Ensuring workers' participation through works councils, employee meetings and employee representatives on the supervisory board and the board of directors (forms of employee participation) are a distinct part of collective labour law. To harmonise Croatian labour law with the EU *acquis*, the Labour Act of 2009 was amended to include provisions on the European Works Council, employee representatives in an organ of a European company (*Societas Europea*), participation of employees

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<sup>18</sup> Overtime work for each individual employee may not exceed 180 hours a year. If an employee works overtime for more than four consecutive weeks or more than 12 weeks during one calendar year, or if the overtime worked by all employees working for a given employer exceeds 10% of total working hours in a month, a labour inspector must be notified of this overtime work within eight days if any of the above circumstances arise. If the labour inspector believes that overtime work may have harmful effects on the employees' health and work capacity, a deadline will be set by which the employer must obtain an expert report and opinion on this issue from a physician who is authorised by a relevant regulation to submit such expert reports. Article 45 (1)(2)(3)(4) of the Labour Act.

<sup>19</sup> According to Article 46(3) of the Labour Act, rescheduled working time for shift workers may not exceed 24 hours a month.

<sup>20</sup> Rescheduled working time is not considered overtime. If working time is rescheduled, it may not exceed 48 hours a week (this includes overtime) in the period when working hours are longer than the regular full-time or part-time limit. As an exception, rescheduled working time may exceed 48 hours a week to a maximum of 56 hours a week for regular work or 60 hours a week for seasonal work, provided there are regulations to that effect in the collective agreement and provided the employees submit a written statement giving their consent to perform such work for the employer. Article 47 (4) (5) of the Labour Act.

in a European Cooperative Society and participation of employees working for employers formed by cross-border mergers or acquisitions.

Trade union density is rather low (an estimated 35%), and there is only a 50-60% (estimation) collective agreement coverage. This is attributable to the lack of collective bargaining tradition in Croatia.<sup>21</sup> The majority of collective agreements in Croatia are concluded at the level of individual employers, i.e., they are company collective agreements. According to data from the Ministry of Labour and Pension System, the Labour and Labour Market Directorate, 90% of all collective agreements in force are company collective agreements. With regard to sectoral level collective agreements, interest in the regulation of rights by further collective agreements does not wane once such agreements have been concluded: in addition to sectoral collective agreements, there is a series of company agreements in each sector. Many of them were concluded after the sectoral collective agreement was in place. This practice renders the significance of sectoral collective agreements somewhat questionable. National collective agreements are few and far between.

The trade union scene in Croatia is heterogeneous and fragmented: although the total number of trade union members is not particularly high, they are members of a large number of trade unions. Although heterogeneous and fragmented, the trade unions showed their actual influence in 2010 when they organised a petition for a legislative referendum in response to the Croatian government's proposed amendment of the Labour Act on the after-effect of the collective agreement. Until 28 July 2012, the after-effect of collective agreements was regulated by Article 262 of the Labour Act as follows: 'Unless otherwise specified by the collective agreement in question, following the expiration of the period for which this collective agreement was concluded, the legal rules contained therein relating to the conclusion, the contents and termination of employment contracts shall continue to be applicable until a new collective

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<sup>21</sup> As regards the legal history of collective bargaining in Croatia, it must be noted that collective agreements first appeared in the late 19<sup>th</sup> century. In the 1930s, there was a widespread practice of collective agreements in Yugoslavia, which continued until the nationalization of private companies and the socialist era. The advent of workers' self-management made collective agreements redundant because the prevailing ideological position during this period was that there were no opposing sides in the employment relationship. Workers' self-management means that employees manage the means of production. Hence, there is no need for collective bargaining because employees have no one to negotiate with. The democratic changes in 1990 and 1991 created conditions for collective bargaining, and the entry into force of the Labour Act of 1995 on 1 January 1996 created the legal framework for collective agreements. Grgurev, Ivana. 'Labour Law in Croatia'. Alphen aan den Rijn, NL: Kluwer Law International, 2013, p. 99-100.

agreement is concluded, as part of the previously concluded employment contracts.’

Thus, according to this provision which has been repealed, if the parties to a collective agreement did not rule out or otherwise regulate the after-effect of the collective agreement, the normative part of the collective agreement (provisions regulating the conclusion, contents and termination of individual employment relationships) continued to apply until a new collective agreement had been concluded as part of the previously concluded employment contract. It must be noted that the parties to the agreement rarely envisaged the exclusion or temporal restriction of the after-effect of the collective agreement in practice. This is because the trade unions considered this to be a major concession to the employer and in return sought concessions from their employer, which employers are unwilling to make. In May 2010, the Government of the Republic of Croatia mooted an amendment to this provision: the after-effect was to be restricted to a maximum of six months after the expiry of the collective agreement. In the statement of reasons, the government noted that it was impossible to comply with the obligations arising from the after-effect of collective agreements in civil and public services; these collective agreements had been concluded in a more favourable economic situation. Moreover, the government was motivated to change the after-effect rule because the legal framework (which stipulated that the normative part of the collective agreement is applicable until a new collective agreement is concluded) led to a lack of interest on the part of trade unions to conclude new collective agreements. This proposal engendered a furious response by the trade unions, which organised a petition for a referendum to amend the Labour Act and were able to collect a lot of signatures (717,149) within a very short time; their goal was to prevent the amendment of the provision on the after-effect of the collective agreement. This prompted the Government of the Republic of Croatia to withdraw the proposal from the legislative procedure. The Constitutional Court issued a ruling (U-VIIR-4696/2010 of 20 October 2010), stating that this action had vacated the conditions for a referendum and set a time period of one year during which the government was prohibited from submitting the same proposal to the legislative procedure.

The trade unions’ success was temporary. In 2012, the abovementioned provision on the after-effect of the collective agreement was repealed. The after-effect of the collective agreement is now regulated in Article 27 of the Act on the Criteria for Participation in Tripartite Bodies and Representativeness for Collective Bargaining of 2012, which reads as follows:

‘Parties to a collective agreement may stipulate after-effect of the collective agreement in a way that, following the expiration of the period for which this collective agreement was concluded, the legal rules contained therein relating to the conclusion, the contents and

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*Trade unions temporary prevented amendment to provision on the after-effect of collective agreements.*

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*A heterogeneous and fragmented trade union scene in Croatia.*

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termination of employment contracts shall continue to be applicable until a new collective agreement is concluded, as part of the previously concluded employment contracts, but the after-effect cannot exceed a period of three months from the expiry of the period for which the collective agreement was concluded.'

The existing legal provision regulating the after-effect of the collective agreement remains problematic from the standpoint of legal theory, for two reasons. Firstly, it provides for the after-effect of the normative part of the collective agreement only when the period for which the collective agreement was concluded expires, which means that it does not apply if the collective agreement is terminated. The purpose of the after-effect of the collective agreement is to fill the lacunae in the regulations concerning working conditions (salary, work schedule, length of annual leave, notice period, right to severance pay) which arise in the period preceding a new collective agreement and following the expiry of the previous collective agreement. Such lacunae occur whenever a collective agreement ceases to exist, not only after the expiration of the period for which the particular collective agreement was concluded. Secondly, the language of the provision indicates that the after-effect applies only to the employees who had valid employment contracts at the time the collective agreement was in force, not to those employees who concluded their employment contracts during the after-effect. This regulation creates the problem of unequal employment or working conditions of various employees (possibly even employees who perform equal work or work of equal value) who work for the same employer. The same problem arises when an undertaking or part of an undertaking is transferred to a new employer, i.e., when employment contracts are transferred to a new employer. In this case, in line with Article 133(12) of the Labour Act, the collective agreement that applied to the workers prior to the transfer continues to apply until a new collective agreement is concluded, but only for maximum one year<sup>22</sup>. The purpose of this provision is to prevent employers from evading their obligations set forth in collective agreements when there are any changes in the undertaking's status or when undertakings or parts of undertakings are transferred in another way. And yet, this provision loses its purpose when a new employer is bound by a collective agreement which envisages more favourable working conditions for the employees than the collective agreement in the after-effect period. As this is a peremptory norm (*ius cogens*), the new employer must, in that case, apply one particular collective agreement to the employees of the transferred undertaking/ part of an undertaking and another to the remaining employees (the collective agreement binding the employer from the

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*The existing legal provision which regulates the after-effect of collective agreements remains problematic.*

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<sup>22</sup> This is in accordance with the Article 3 (3) of the Directive 2001/23/EC but the Member States are allowed to introduce laws, regulations or administrative provisions which are more favourable to employees (Article 8 of the Directive 2001/23/EC).

previous period). Because of the application of two different collective agreements as a result of compliance with the conditions defined by law, anti-discrimination suits relating to unequal pay of men and women for equal work or work of equal value might arise. At any rate, the problem of different working conditions for different employees who work for the same employer remains<sup>23</sup>.

To sum up, although the trade union scene in Croatia is heterogeneous and fragmented, trade unions play an influential role. The prevention of the amendment to the provision on the after-effect of the collective agreement in the Labour Act exemplifies their influence.

## SECTION VI. CONCLUSION

In order to meet the demands of EU membership, Croatia has modified its employment protection legislation over the last decade. The amendments often exceeded the standards guaranteed by the relevant directives without taking possible consequences for the labour market into serious consideration. Consequently, there are almost no flexible forms of employment: temporary agency work and part-time work are of marginal significance on the Croatian labour market, as the number of temporary agency workers and part-time workers clearly illustrated.

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*Lack of strategy in terms of labour market regulation.*

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According to the Governmental Annual Plan on Legislative Activity, the adoption of the new Labour Act is expected by the end of 2013. Its purpose will be to address the realities of the labour market and introduce more flexible provisions, although no strategy for such improvements has been elaborated. The problem of frequent legislative amendments remains and continues to hamper the principle of legal certainty.

Taking into account the interests of both the employers and employees and in the interest of clarity, highly complex and bureaucratic provisions should be repealed.

Moreover, there are many pending labour law cases (there are various estimations in different sources); 10.000 - 20.000 (estimation) new labour law cases are being brought before the national courts every year. Furthermore, it should be mentioned that many employees work without being paid for their work. One can conclude that numerous employers cannot meet the provisions of Croatian employment protection legislation. It is assumed that the 'softer' approach (i.e., less bureaucratic and less complex labour protection legislation) will have a positive impact on the employment rate.

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<sup>23</sup> Grgurev, Ivana. 'Labour Law in Croatia'. Alphen aan den Rijn, NL: Kluwer Law International, 2013, p. 104-106.

To summarise, the characteristics of Croatian employment legislation can be described as follows: a lack of strategy in terms of labour market regulation; too many amendments that hamper the principle of legal certainty, and highly complex employment provisions that are not in the interests of employers and of employees.

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