



Organisation of the labour market: innovation and growth of skills

*Encouraging growth of skills and
innovation in the Netherlands*

Frans Pennings

25 May 2018

* This paper has been fully supported by the Croatian Science Foundation – Project UIP-2014-09-9377 “Flexicurity and New Forms of Employment (Challenges regarding Modernization of Croatian Labour Law)”.

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Outline

- Policies to stimulate innovation
- Policies and rules to stimulate training
- Innovation and the requested flexibility
- Conclusions

2

Organisation of the labour market: innovation and growth of skills

The Netherlands Ranks No. 3 on the Global Innovation Index



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Government policy

- No structural support of declining industries (short-term support in period of crisis is possible)
- There have been structural changes in the Dutch economy: outsourcing to low wage countries, change from manufacturing to service economy
- Instead of trying to fight this change: policy of adopting and supporting innovation

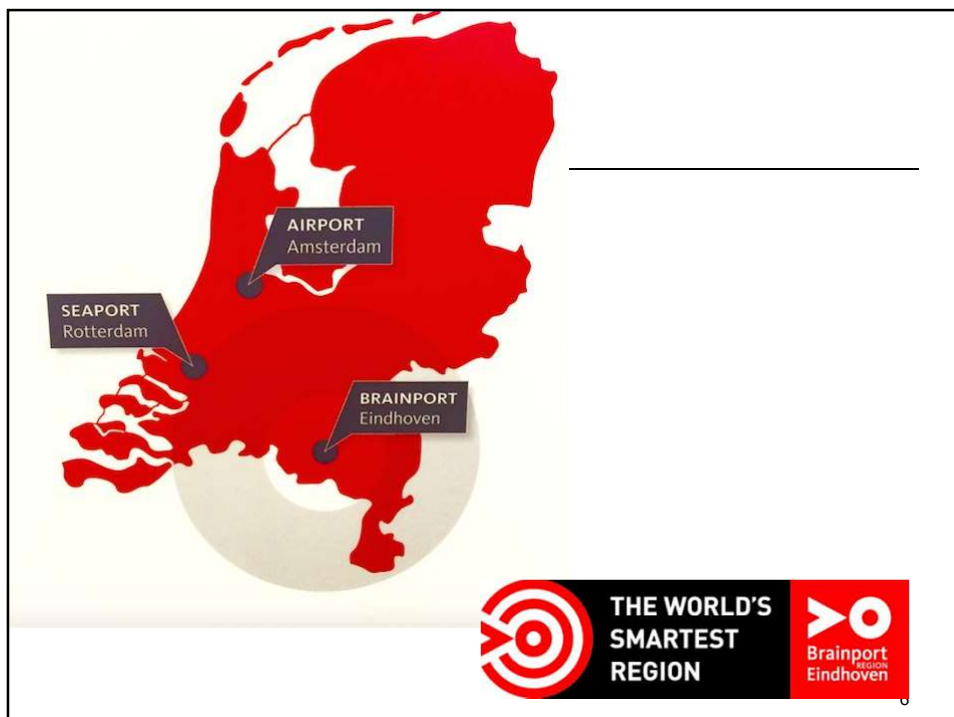
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Example

- - textile industries disappeared to low wage countries
- Now: high tech design and development in Netherlands: 700 m curtain for library of Dubai



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The example of Brainport

- The mayor of Eindhoven, president of the Board of the University of Eindhoven and president of Chamber of Commerce: initiated cooperation after the bankrupt of some manufacturers
- -> cooperation of public authorities, research institutions and enterprises
- Attraction of investments and establishment of Brainport foundation: stimulating regional innovation

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The 'recipe' for innovation in the Netherlands

- an initiative is taken to make a network of research institutions, university, start-ups and enterprises, housed on or close to a campus ('science parks')
- This can be facilitated by getting easier permits for production or for reconstructing buildings

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Further innovation policies

Also existing enterprises can be linked to existing research companies

Subsidy schemes for sme's

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Organization of the labour market

training

- Art. 7:611a Civil Code: employers have to let employees attend training that is necessary for doing the job and, as far as can reasonably be asked from them, for the continuation of the employment relationship.

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Instruments to promote training

- In practice: considerable number of employers consider training to be followed outside working time (24%)
- And that they must decide themselves whether they need training or not (36%)
- In collective labour agreements funds can be made for training
- In 2016: in 20% of organisations employees asked permission to attend training

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'responsibility of employers to keep their employees 'employable'

- - proposal: all workers have a work budget for their employability (training, work experience elsewhere, time out)
- - proposal was not adopted. Instead, in the new dismissal law it is possible to deduct training costs from the dismissal payment. How and whether this works is not known...

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Innovation and the requested flexibility

- Main policy: to promote the permanent contract. Is protected by strict job protection rules
- In case of innovative firms: flexibility may be necessary
- The battle between permanent and flex..
- Measures to reduce flexibility: to reduce the renewability of contracts for a definite period (2 times renewable instead of 3, and max 3 years instead of 2). However, adverse effects.
- Alternative self-employed work

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Innovation and the non-competition clause

- for employers and investment non-competition clause is important, also for training investments
- For innovation, non-competition clause not so positive
- In the Netherlands: no more non-competition clause in contract for a definite period, unless there are weighty reasons for this

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Conclusions from the Netherlands

- innovation can be promoted, by creating a fertile climate for networking and combining research with enterprises
- Training remains a difficult issue when it is left to the market
- Training funds can be helpful, but there are differences between the big enterprises and the small ones
- a policy has to be developed how to meet the needs of enterprises for flexible work

Organisation of the labour market:
stimulating innovation and the growth of
skills



Introduction

- Eurostat: share of investments in research, development and innovation (RDI) in the GDP in Croatia - 0.84% in 2016, 1.4% by 2020
- European Innovation Union Scoreboard Report: Croatia at the 26th place, in the group of "Moderate Innovators"
- Strategical documents and initiatives:
 - National Innovation Council
 - Croatian Ministry of Economy, Entrepreneurship and Crafts: the Strategy for Promoting Innovation of the Republic of Croatia 2014-2020 + the Strategic Project for support of establishment of Innovation Network for Industry and Thematic Innovation platforms

State aid for research and development

- (draft) Act and Ordinance on the State Aid for Research and Development Projects:
 - state aid = "a right to further reduced profit tax base for justified costs of research and development projects of taxpayers who are classified into the categories of underlying research, industrial research and experimental development ... with the goal ... to increase private sector investments in research and development"
 - position of the SMEs on the market

Some good examples: Rimac Automobili

Croatian Technology in the Royal Couple's Jaguar, by [croatiaweek](#), May 20, 2018, in [News](#)



The Step Ri

- The Step Ri Science and Technology Park of the University of Rijeka:
- In 2016: 28 companies – tenants of the Step Ri had 334 employees + export: 55 mil. Kuna (around 7 million Euro)

Croatian labour market: Life-long learning

- in national documents: life-long learning is determined as one of the foundations of the Croatian education system ... that provides new vocational skills for the labour market
 - Strategic Framework for Promotion of Lifelong Learning in the Republic of Croatia 2017-2021; Strategy of Education, Science and Technology; The VET System Development Programme (2016-2020)
- the accomplished primary school education = a basic, mandatory level of education
- the objections to the Croatian education system:
 - the competences of the students achieved in school do not match the needs of the labour market
 - the employed adults in Croatia "seldom continue to upgrade their skills" (in 2016: only 3,2% of adults - age 25 to 64)

Employer's obligation to provide education and training for work (Labour Act)

- Art. 54/1: the duty of the employer is to ensure schooling, education, vocational, as well as professional training for the worker, in line with his (the employer's) capacities and business requirements → employability?
- Art. 54/3: the additional education - changes to or introduction of new patterns or organisation of work
- Art. 54/2: the employer needs the worker to be further educated etc. - the worker should take part in schooling, education, etc., but only if that is "in line with his working abilities and business requirements"
- not regulated:
 - the burden of the educational costs → the role of the CA, working rules, employment contract
- in practice: if the employer covers the educational costs - the worker's duty to remain employed by the employer for a certain period of time (or reimbursement)

Paid educational leave

- ILO Paid Educational Leave Convention (1974, No. 140)
 - Croatia has not ratified
- LA, Art. 86/4, 5:
 - a worker shall be entitled to paid leave during education, vocational or professional training + during education for the purposes of engaging in the works council or trade union work,
 - the conditions, the duration and remuneration can be determined by collective agreement, agreement between the works council and the employer or working rules
 - if not: worker is not entitled to the paid educational leave
 - unfavorable position of the workers employed by a "small employer"
 - the opinion of the trade unions

Innovations and more flexibility?

- Professor F. Pennings: innovative companies often need particular flexibility
- the role of fixed-term contracts
- the hiring of self-employed
- more flexibility – not acceptable?
- The Active Labour Market Policy Measures
- Conclusion: solutions

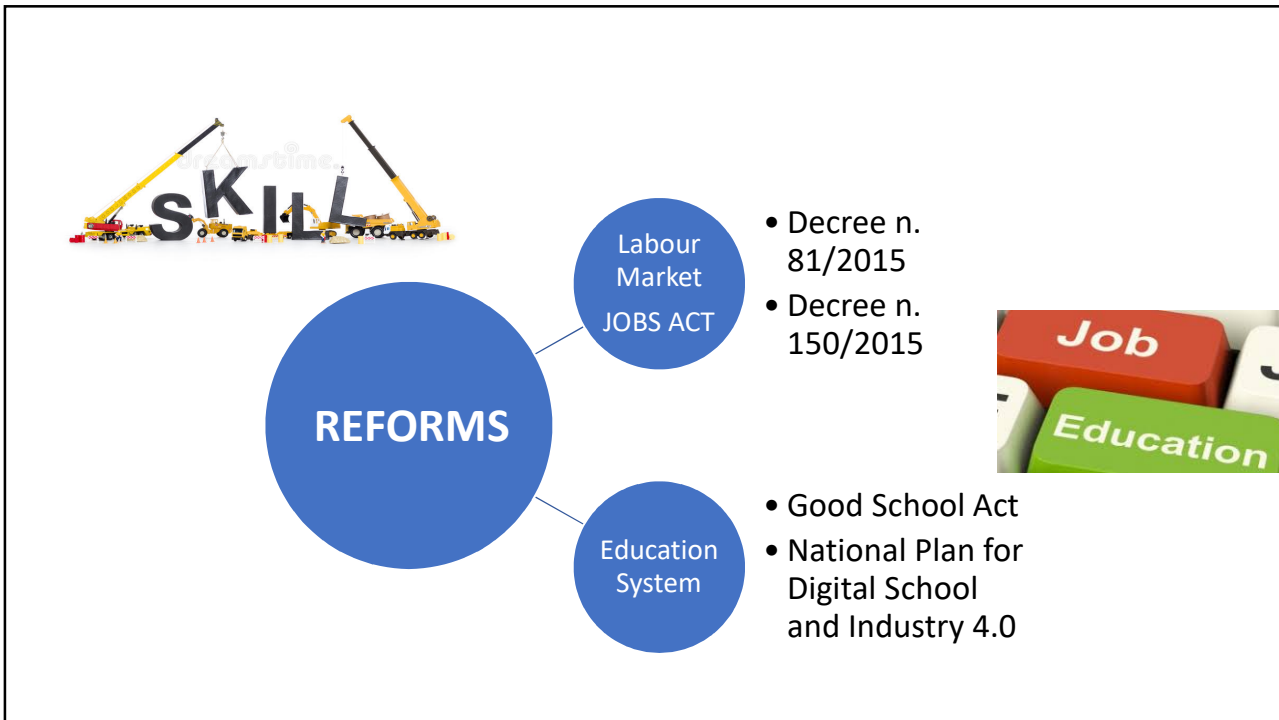
Thank you for your attention!

The protection of



**in employment relationships and in the labour market:
an overview of the Italian situation
Marina Brollo, Caterina Mazzanti**

* This paper has been fully supported by the Croatian Science Foundation – Project UIP-2014-09-9377 “Flexicurity and New Forms of Employment (Challenges regarding Modernization of Croatian Labour Law)”.



Protecting skills in the employment relationships



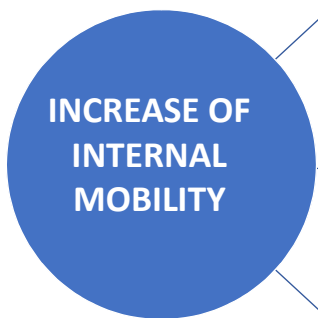
Art. 2103 civil Code

.. Reformed by art. 13 Statuto dei lavoratori: criterion of equivalent tasks and nullity of any agreement in breach of art. 2103 civil Code

Remedy in case of an assignment to inferior duties: **action for damages** (Danno da demansionamento)



..and by art. 3 Decree no. 81/2015.



- modifications directly affecting the employee's work position
- collective agreements
- Individual agreements

Which protection does the Jobs Act Reform offer to the employee's skills?

The **employer's obligation to provide training** in the case of changes in job tasks ... 'if necessary'



Protecting skills in the Labour market



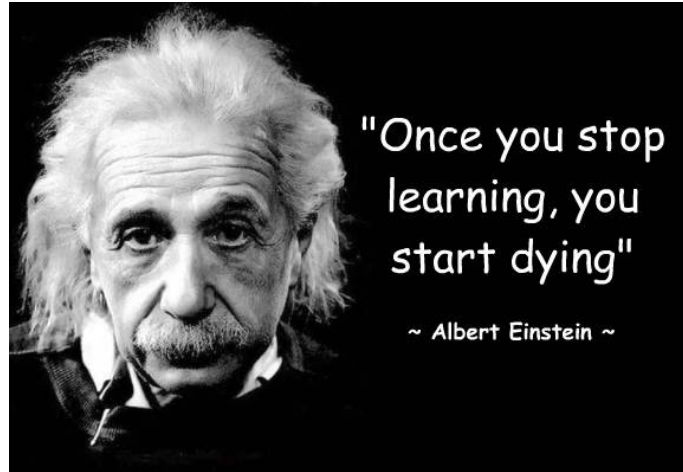
'WORK-FIRST NEED' vs. HUMAN CAPITAL DEVELOPMENT

'welfare to work' principle: make passive benefits conditional on activation measures.

- Customized service agreement (Patto di Servizio Personalizzato)
- Employment service provision voucher (assegno di ricollocazione)



Thank you for your attention!







**UNIVERSITÀ
di VERONA**

Lifelong learning and the knowledge economy: the suggestions of the Paid Educational Leave Convention

Laura Calafà, Full Professor of Labour Law

* This paper has been fully supported by the Croatian Science Foundation - Project UIP-2014-09-9377 "Flexicurity and New Forms of Employment (Challenges regarding Modernization of Croatian Labour Law)".



**The University of Verona
contribution to
the Project in
2016 and in 2017**

A thematic summary of previous meetings

1 - New forms of “employment” in Italy

- ▶ The **rules** that are applicable to employment in Italy (so called JOBS ACT)
- ▶ A **general reflection** on the core issue of the project from the Italian labour market situation: is there a (real and not merely rhetorical) link between the changes adopted in 2014 and 2015 by Italian lawmakers and policies?

The most important question

- ▶ Can labour law today continue to identify every reason for labour policies in *flexicurity* (or, for its detractors, grounds for the likewise customary criticisms)? The question of limits (under constitutional and EU law) to labour and the link on (principal) level of economic and financial policies.

2- Young persons in work and new forms of employment in Italy

- ▶ The linking factor between young persons in work and new forms of labour relations is youth unemployment, which is particularly high in Mediterranean countries, as is confirmed by the most recent EUROSTAT data.

The most important question

- ▶ The past, the present and the future ... A present characterised by “mini jobs”?

The contribution to the final conference:

A different question ...

There is a place for the *Lifelong learning and the knowledge economy in the Organisation of the labour market?*

I think that some the some suggestions can be drawn from the of the ***Paid Educational Leave Convention*** (ILO 140/1974) and the subsequent ***Human Resources Development Convention*** (ILO 142/1975)

The content

Convention 140 is dedicated to support for the institute (Educational Leave), whilst the later act is intended “to encourage and enable all persons to develop and use their capabilities for work in their own best interests and in accordance with their own aspirations, account being taken of the needs of society” (Article 2(5)). In regulating a specific institute such as Educational Leave, including unpaid leave, the Convention proves to be closely related to numerous other ILO conventions: from that prohibiting discrimination at work, through the subsequent occupational policies to that dedicated to workers with family responsibilities.

Leave is in actual fact a multi-functional institute, which may as such be adapted to a variety of regulatory contexts.

The 140/74 Convention history and the low number of ratification

- ▶ The history and content of Convention 140 have been conditioned by the low number of ratifications: in 2016 these amounted to a total of 35, including only 13 by EU Member States. Between 1998 and 2001 various attempts were made to revitalise the ratification process. After analysing the contents of Convention 140 (section II) and its inclusion amongst the instruments and policies dedicated to the issue of Lifelong Learning (section III), the concluding part will summarise the obstacles to and potential for its operation (section IV).
- ▶ After entering into force on 23 September 1976, Convention 140 has been ratified by Belgium, Czech Republic, Finland, France, Germany, Hungary, Netherlands, Poland, Slovakia, Slovenia, Spain, Sweden and the United Kingdom. A linkage problem with the international regulatory level arises only in relation to these countries, which are EU Member States, and not for other countries not cited from outside the EU.
- ▶ *The EC situation in European Parliament, Paid educational leave*, Directorate general for research, Social Series (1987), 7. Most recent, CEDEFOP, *Forms of educational leave in Europe*, Luxembourg: Publications Office of European Union (2005).

Back to the Future: the International Labour Law

- ▶ ILO Convention and the Philadelphia Declaration adopted in 1944, which was incorporated into the Convention two years later, stipulating as a “solemn obligation of the International Labour Organization to further among the nations of the world programmes which will achieve” also the commitment to achieve “**the provision, as a means to the attainment of this end and under adequate guarantees for all concerned, of facilities for training and the transfer of labour, including migration for employment and settlement**”.

- ▶ **From Convention 140 to policies of lifelong learning**
- ▶ **Obstacles on and potentials of Convention 140**

From Convention 140 to policies of lifelong learning

- ▶ When Convention 140 was adopted in 1974, paid leave was viewed as a part - one instrument out of the many possible - of a more general political framework intended to provide support for lifelong training. This consideration may easily be confirmed by reference to the Preamble to the Convention, which - out of the various assertions - recognises that “**the need for continuing education and training related to scientific and technological development and the changing pattern of economic and social relations calls for adequate arrangements for leave for education and training to meet new inspirations, needs and objectives of a social, economic, technological and cultural character**”
- ▶ J Brine *Lifelong learning and the knowledge economy: those that know and those that do not—the discourse of the European Union*, British Educational Research Journal (2006) 5 649;
- ▶ A P Jakobi *International Organizations and Lifelong Learning. From Global Agendas to Policy Diffusion*, Palgrave Macmillan London (2009), 46.
- ▶ With regard of Lisbon Strategy, Ashiagbor D, *The European Employment Strategy. Labour Market Regulation and New Governance*, Oxford University Press, Oxford (2005).

From ILO to EU Strategies

- ▶ The objectives of leave laid down by Articles 2 and 3 are consistent with this commitment. In the light of this, we can certainly acknowledge that - without any doubt - within the literature and in practice, Convention 140 must be linked to the **policies of lifelong learning** that have been promoted since the end of the 1990s. This more complex composite objective represents a kind of policy mix embracing a series of educational and employment policies, which has been asserted with particular emphasis on EU level since 2000 with the Lisbon Strategy.
- ▶ Within this context, training and cultural policies are associated with **occupational policies**, of which they become an integral part, establishing a link between work and lifelong learning.
- ▶ Convention 140 may perform a useful function within the context of lifelong learning and the objectives of lifelong learning policies are consistent with the objectives of Convention 140; moreover, both (Convention and policies) appear to be consistent with the strategic objectives of the ILO, as has been reasserted in the report on **decent work**.
- ▶ See the most recent ETUC position, Improving training opportunities for workers in Europe (2016) www.etuc.org.

Convention and Lifelong Learning

- ▶ They share economic and social inclusion objectives and prevent the social exclusion of individuals, in particular of workers. However, as has been recalled by the ILO General Survey, the common features must not cancel out the differences between the two systems (the Convention and the general system of lifelong learning).
- ▶ The differences ..
 - 1) lifelong learning tends to involve fewer rigid, institutionalised agreements compared to past policies. Lifelong learning tends to reinforce the development of informal education and training systems, such as on-the-job training, rather than expanding formal adult education at institutions that are financed either in full or in part out of public funds.
 - 2) the Convention and the system from which it draws inspiration allocates a central role to governments which are called upon to organise, manage and finance the system of worker training (either directly or indirectly). On the other hand, the partnership which develops out of policies of lifelong learning tends to heighten the significance of the individual worker's responsibility for furthering his/her own skills and expertise.

- ▶ A comparison between the two policies and the two periods of history within which they were adopted suggests that consistency between them must be guaranteed, whilst taking due account of the differences, and that Convention 140 could represent one of the instruments, amongst others, for promoting policies of lifelong learning that are centred on the promotion of the use of remunerated time by workers for the purpose of professional and cultural development.

Obstacles on and potentials of Convention 140

- ▶ Only a few of them have ratified the Convention, all (or almost all) have specific rules in this area, which widely differ from one another.

These have been the object of particular attention since the Lisbon Strategy of 2000, within the context of occupational and lifelong learning policies, and have taken on responsibility for pursuing the Convention objectives, on a *de facto* if not a *de iure* basis, without however legitimising paid educational leave.

- ▶ Over time, the **obstacles to ratification** have faded into the background.

Suggestions for Rethinking national labour policies

- ▶ The most important are:
 - a) the priority that should be ascribed to a policy of paid leave in relation to objectives such as the creation of a system of primary and secondary education;
 - b) the difficulties in sharing fairly the costs and benefits of paid leave;
 - c) the involvement of the social partners as parties with joint responsibility for the payment of leave or, in a broader sense, private persons.

The most significant obstacle is however that of available resources. In addition, with the exception of France and the Netherlands, even where leave is regulated and remunerated, it is taken by a very low percentage of workers, and serves to acquire basic skills rather than professional development

The (learning) way of the Corporate Social Responsibility

- ▶ These general considerations leave out one particular instrument for the indirect and voluntary implementation of the Convention which deserves to be recalled: Convention 140 features in the list of conventions which undertakings - both public and private - seeking to obtain **ISO 26000 certification** must respect. This is tantamount to acknowledging the close correlation between the internal system of promoting staff training and businesses' policies of **Corporate Social Responsibility**

The most important question

- ▶ Can an «old» international convention mark new paths for national policies?

Thank you for the attention

Flexicurity approaches in Austria and Germany

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“Organisation of the Labour Market: Stimulating Innovation and the Growth of Skills”

25 May 2018, University of Rijeka, Faculty of Law

* This paper has been fully supported by the Croatian Science Foundation - Project UIP-2014-09-9377 “Flexicurity and New Forms of Employment (Challenges regarding Modernization of Croatian Labour Law)”.

A German stronghold resisting the flexicurity hype?

- ▶ Classic “counter example” in flexicurity discourse
 - ▶ ‘Dualist’ regime, segregation, high-level protection and security for ‘insiders’ vs. ‘flexibility at the margins’
- ▶ Compared to exemplary “flexicurity countries”: similar (partly better) results in terms of economic performance, employment & unemployment rates, income equality, poverty levels etc.
- ▶ Impressive resilience during economic crisis
 - Austria vs. Germany as “litmus test” for the value of flexicurity approaches(?)

Common characteristics of the 'German rim' continental-corporatist model

- ▶ Vocational training
 - ▶ Dual system covering large parts of the population
- ▶ Participation of workers' representatives at company level
 - ▶ Incl. co-determination and veto rights
- ▶ Cooperation government / companies / social partners to tackle economic redundancies
 - ▶ Short-time work
 - ▶ Outplacement
 - ▶ ...

Germany and the concept of flexicurity

- ▶ Flexicurity concept 'hesitantly received' by both management and labour
- ▶ Emphasis on
 - ▶ Internal flexibility
 - ▶ Voluntary company measures
 - ▶ 'Working time accounts' etc.
 - ▶ Mutual benefits of strong employment protection
- ▶ Crucial reforms of past decades reinforce rather than attenuate labour market segmentation
 - ▶ Hartz reforms
 - ▶ ALMPs
 - ▶ 'Personal Service Agencies'
 - ▶ Marginal employment
 - ▶ Self-employment

The flexicure variant: Austro-corporatism

- ▶ Trade-off: less at the micro, more at the macro level
 - ▶ Literature: AT & DK: different means, but similar outcome
- ▶ Basis: deeply entrenched social partnership
 - ▶ De jure & de facto role of the 'Big Four'
- ▶ Policies concerning job loss, unemployment and re-employment
 - ▶ Employment protection
 - ▶ Severance pay
 - ▶ Labour foundations
 - ▶ Unemployment benefits
 - ▶ ALMPs
 - ▶ 'Flexwork'

... does it make a difference?

Points for debate

- ▶ Anticipating change in labour markets
 - ▶ Cf. decline of the SER
- ▶ Flexibility and security as part of employment quality and dignity
 - ▶ Cf. in-work poverty
- ▶ Fairness and burden sharing
 - ▶ Marginal employment
 - ▶ Short-time work
 - ▶ Solo self-employment
 - ▶ ALMPs

The specificity of some aspects of agency work in Italy and Croatia

Assist. Prof. Vanja Smokvina
University of Rijeka, Faculty of Law, Croatia

International Scientific Conference - Flexinora,
Faculty of Law, University of Rijeka - 25/05/2018

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„Flexicurity and New Forms of Employment (Challenges regarding Modernization of Croatian Labour Law)“
CSF (UIP-09-2014-09-9377)

Contents:

1. Introduction
2. Croatia
3. Italy
4. The specificities - option *de lege ferenda*
5. Conclusion

2
„Flexicurity and New Forms of Employment (Challenges regarding Modernization of Croatian Labour Law)“
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1. Introduction

Definitions:

ILO Convention No. 181 (1997) Convention concerning Private Employment Agencies: **private employment agency** as any natural or legal person, independent of the public authorities, which provides one or more of the following labour market services:

- services for matching offers of and applications for employment, without the private employment agency becoming a party to the employment relationships which may arise therefrom;
- services consisting of employing workers with a view to making them available to a third party, who may be a natural or legal person (referred to below as a "user enterprise") which assigns their tasks and supervises the execution of these tasks;
- other services relating to jobseeking, determined by the competent authority after consulting the most representative employers and workers organizations, such as the provision of information, that do not set out to match specific offers of and applications for employment

Directive 2008/104/EC on temporary agency work defines '**temporary-work agency**' as any natural or legal person who, in compliance with national law, concludes contracts of employment or employment relationships with temporary agency workers in order to assign them to user undertakings to work there temporarily under their supervision and direction

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EU Case-Law

EU Case Law on Agency work:

- *C 533/13, *Auto-ja Kuljetusalan Työntekijäliitto AKT ry v Öljytuote ry and Shell Aviation Finland Oy*
- *C-216/15, *Betriebsrat der Ruhrlandklinik gGmbH v Ruhrlandklinik gGmbH*

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C 533/13, Auto-ja Kuljetusalan Työntekijäliitto AKT ry v Öljytuote ry and Shell Aviation Finland Oy

Article 4(1) of Directive 2008/104/EC must be interpreted as meaning that the provision is addressed only to the competent authorities of the Member States, imposing on them an obligation to review in order to ensure that any potential prohibitions or restrictions on the use of temporary agency work are justified, and, therefore, the provision does not impose an obligation on national courts not to apply any rule of national law containing prohibitions or restrictions on the use of temporary agency work which are not justified on grounds of general interest within the meaning of Article 4(1).

Art. 4(1) Prohibitions or restrictions on the use of temporary agency work shall be justified only on grounds of general interest relating in particular to the protection of temporary agency workers, the requirements of health and safety at work or the need to ensure that the labour market functions properly and abuses are prevented.

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C-216/15, Betriebsrat der Ruhrländlinik gGmbH v Ruhrländlinik gGmbH

Court ruled that the concept of ‘worker’ as referred to in Directive 2008/104/EC must be interpreted as covering any person who carries out work, that is to say, who, for a certain period of time, performs services for and under the direction of another person, in return for which he receives remuneration (as determined in the CJEU Case C-232/09 Danosa , para.39 and 40), and who is protected on that basis in the Member State concerned, irrespective of the legal characterization of his employment relationship under national law, the nature of legal relationship between those two persons and the form of that relationship. Article 1(1) and (2) of Directive 2008/104/EC on temporary agency work must be interpreted as meaning that the scope of that directive covers the assignment by a not-for-profit association, in return for financial compensation, of one of its members to a user undertaking for the purposes of that member carrying out, as his main occupation and under the direction of that user undertaking, work in return for remuneration, where that member is protected on that basis in the Member State concerned, this being a matter for the referring court to determine, even if that member does not have the status of worker under national law on the ground that he has not concluded a contract of employment with that association

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2. Croatia

Statistics... No official data...

2014/15: 0,3%-0,4% of employed in Croatia are agency workers: cca 8.000 persons (CEA; Laleta, Križanović, 2015)

2016: 1,37 % - 19.327 persons (out of 1.386.000) (Ministry in charge of labour)

Employment agencies:

2013: 45

2014: 75 (Laleta, Križanović, 2015)

...

2018: 92 (Ministry in charge of labour)

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3. Italy

INPS data:

2012: 210.000 agency workers / 22.570.000 employed persons (0,93%)

2015: 275.100 agency worker / 22.470.000 employed persons (1,22%)

2016: 294.867 agency workers / 22.760.000 employed persons (1,29%)

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4. Good practice (ITA)

Italy - defined by an Act (D.Lg/L.):

- * by Law defined the conditions to be registered as an Agency
- * temporary authorisation for employment agencies which after a two years period of monitoring may become the authorisation for an indefinite time.
- * Quantitative restriction of the number of agency workers
 - * Not more than 20% of workers employed for an indefinite time;
 - * loaned for indefinite time only the workers employed by the Agency on indefinite time;
 - * the collective agreement define the number of agency workers on fixed-term

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4. Good practice (CRO)

Croatia - defined by an Act

- * defined the obligation to issue data to Ministry (+ Regulation)
- * forbidden to ask the payment of a fee by a worker
- * the total length of the loan of agency workers is set to 3 years (with a few exceptions)
- * high penalty provisions (€4.133-€8.000) / ITA: €250-€1.250

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4a. Italy - Collective Agreement

In Italy: the National Collective Agreement for the category of Agency Work (3 years)

- *Female workers after the maternity leave have the priority for loan (if not allowed for the maternity leave allowance - have the right to a total fee €2.250 by EBITEMP - a national bilateral body)
- *Determination of contractual clauses
- *Determination of apprenticeship
- *Monthly fee of €750,00 to the Agency in case of employing for an indefinite time (after the first 12 months till 36 months) / its forbidden to dismiss the relationship in the next 12 months

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5. Conclusion

In Croatia it is suggested to introduce some *de lege ferenda* regulations which are present in the Italian Labour Law system:

- * temporary authorisation for employment agencies which after a two years period of monitoring may become the authorisation for an indefinite time
- * Restrictions Yes/No?
- * collective agreement!!!

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Thank You for Your attention!

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Labour market flexibility and non-discrimination: can they go hand-in-hand?

Organisation of the labour market: stimulating innovation and the growth of skills, Rijeka, 25.5.2018

Prof. Dr. Ivana Grgurev, University of Zagreb

2

Initial Thesis / Overview of Presentation

► Initial Thesis:

economic success and decent work are societal objectives → non-discrimination principle complements flexibility in employment protection → economic rationality of non-discrimination

HOW TO PROVE IT?

- The concept of flexibility in the Labour Act of 2014 (as amended in 2017) and its repercussions on equality
- The burden of cost of non-discrimination: Is it allowed to justify discrimination by economic reasons?

The concept of flexibility in the Labour Act of 2014 (as amended in 2017) and its repercussion on equality

- Dismissal of pregnant employees during the liquidation procedure (Art. 34(4) of the Labour Act)
- Flexible conclusion of first fixed-term contract (female employees as non-standard employees?)

Prof. Dr. Ivana Grgurev

Dismissal of pregnant employees during the liquidation procedure

- **Flexibility and non-discrimination: win-win**
 - overlapping flexibility goals with non-discrimination goals
 - dismissal of pregnant workers for reasons not related to their pregnancy
 - overprotection and discrimination

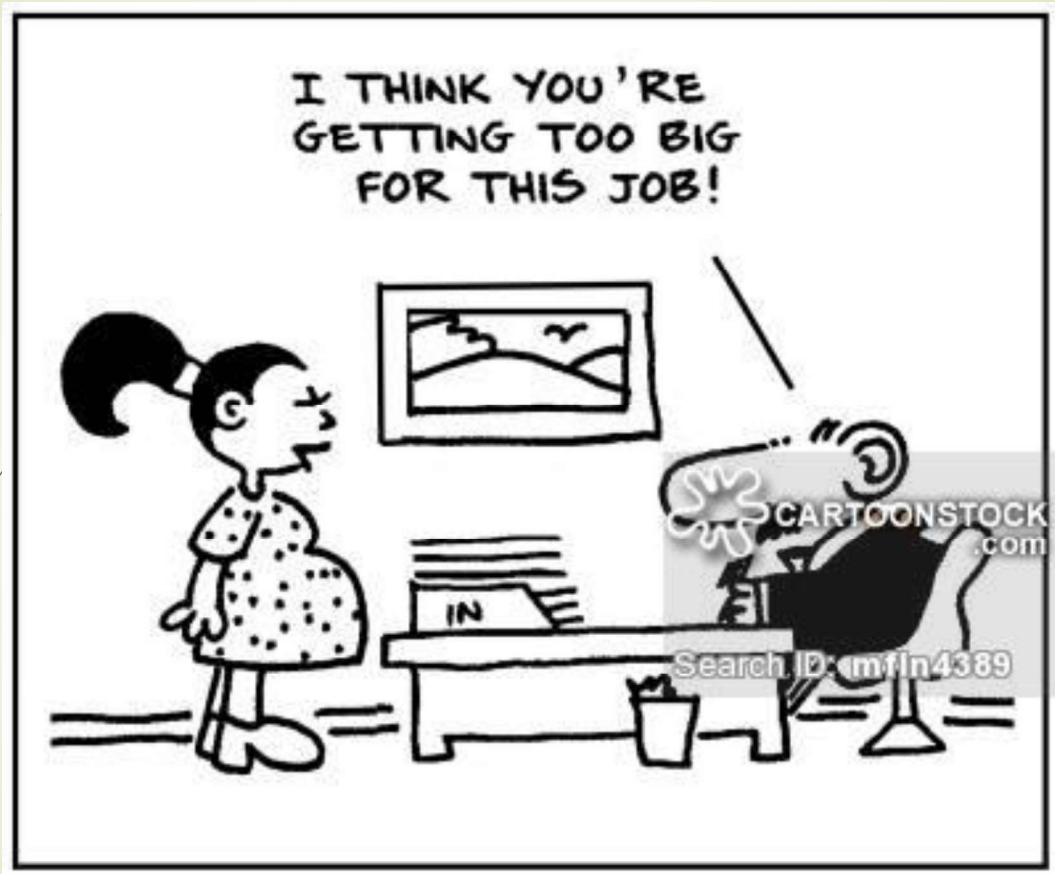
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Flexible conclusion of first fixed-term contract

- female employees as non-standard employees?
- Annual Report 2016 of Ombudsperson for Gender Equality of the Republic of Croatia; Eurostat; Statistical Yearbooks of Croatian Bureau of Statistics

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8

Flexibility on the side of employer and on the side of employee

- supply side flexibility: flexibility in working time → work-life balance
- the real challenge: flexibility on both sides (employees and employers)

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Burden of cost of non-discrimination

- shared responsibility between the state and the employer
- state subsidies for reasonable accommodation, maternity and parental leaves financed by the state budget

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Is it allowed to justify discrimination by economic grounds?

- undue hardship as a justification of failure to provide reasonable accommodation (Art. 5 of the Directive 2000/78; Art. 4(2) of ADA)

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Conclusion

- economic justifications of discrimination – limited (context of reasonable accommodation)
- Constitution of the Republic of Croatia, Article 17
- rational acting; economic harm of discrimination (A. Somek)
- mainstreaming
- G. Rodgers (2007): *Achieving decent work call for a coherent set of policies...work is the point of articulation between economic and social goals...to build coherence in economic and social policy...*
- A. Somek (2017): *Dignity can only be secured when we understand that the full package of human rights – social, economic, civil, political, cultural – is indivisible.*

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Pravna fakulteta

SOCIAL PROTECTION OF PERSONS IN DIFFERENT FORMS OF WORK IN SLOVENIA

Prof. Dr. Darja Senčur Peček,
University of Maribor, Law Faculty

Pravni fakultet Sveučilišta u Rijeci, 25. 5. 2018

* This paper has been fully supported by the Croatian Science Foundation – Project UIP-2014-09-9377 "Flexicurity and New Forms of Employment (Challenges regarding Modernization of Croatian Labour Law)".

Slovenian labour market

- 771.000 employees
 - 16,9% fixed-term (50+ 9,5%; 30-49 – 11,4%; 15-24 – 74%)
 - 10,2% part-time (9000 employees - involuntarily part-time)
- 14.000 temporary agency employees (110 agencies)
- 44.000 workers, working on student referrals
- 115.000 self-employed person
 - 12,5% or 14.000 self-employed without employees, providing services for one client

- Atypical employment and other forms of work are increasing (replacing (typical) employment contracts)
- Employers – flexibility (working time, termination), lower costs?
- Workers – working conditions, (un)certainly of employment; social benefits?

Fixed-term employment

- *A rule, not the exception; permanent need for work (disguised contract for indefinite time)*
- EMPLOYER
 - flexibility (no termination procedure, no protected categories, possibility to check new employee)
 - Costs in case of shorter fixed-term contracts are higher (severance pay; higher social contributions);
- EMPLOYEE
 - Uncertainty of employment (presenteeism, discrimination – women, disabled person, older employees,...)

Part-time employment

- *Involuntarily, disguised full-time*
- EMPLOYER
 - Flexible working time
 - Costs should be higher (full reimbursement of the travel expenses and expenses for the meal), but: unpaid hours over agreed working hours/ paid in cash)
- EMPLOYEE
 - Unpredictable working time
 - Effect on social benefits (lower sickness cash benefits, unemployment benefits, parental benefits, shorter insurance period and lower pension base etc);
or: voluntary inclusion into mandatory social insurance system (social contributions)

Temporary Agency Work

- *Permanent work at the user*
- **EMPLOYER (USER)**
 - Flexibility (no hiring and firing procedure; agency)
 - Almost without employers obligation (but: working time, safety and health at work; subsidiary liability for the payment of wages)
 - Costs?
- **EMPLOYEE**
 - Uncertainty of employment
 - Should have the same rights as user's employees
 - Education and training?
 - Collective labour rights?

Student work

- *Permanent, on systematized positions (disguised employment relationship)*
- **EMPLOYER:**
 - Flexibility (no hiring and firing procedure; student work service)
 - Similar costs for payment as for employee (social contributions etc.), but no additional costs (annual leave, wage compensation etc.)
- **WORKER (STUDENT)**
 - Limited labour-law protection (prohibition of discrimination, working time, special protection of employees under 18; limited damage liability, safety and health at work)
 - Minimum hourly rate - 4,73 eur (gross)
 - Included in mandatory pension insurance (but insurance period is calculated according to the earnings – one month for 60% of average gross wage in Slovenia) and health insurance

Self-employed persons

- *False self-employed (disguised employees)*
- EMPLOYER
 - Flexibility
 - No employers obligations
 - Low costs (payment for service, no minimum wage, no contributions, no
- WORKER
 - Low incomes
 - Poor working conditions (no sickness leave up to 30 days, no annual leave, long working hours,...)
 - No collective labour rights
 - Included in mandatory social insurance, but if they don't (can't) pay social contributions - no unemployment benefits, only urgent health care service, ...

Conclusions

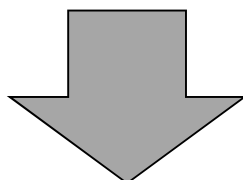
- Employees in precarious forms of work (mainly disguised employment relationships) are deprived of adequate social protection
- European Pillar of Social Rights: „Employment relationships that lead to precarious working conditions shall be prevented, including by prohibiting abuse of atypical contracts.“
- How to combat the abuses, the disguised employment relationships?
- *Research project „Multidisciplinary analysis of the precarious work – the legal, economic, social and health protection aspects“*

Rethinking Social Security in the Context of Non-standard Working Arrangements

Izv. prof. dr. sc. Ivana Vukorepa
Faculty of Law, University of Zagreb

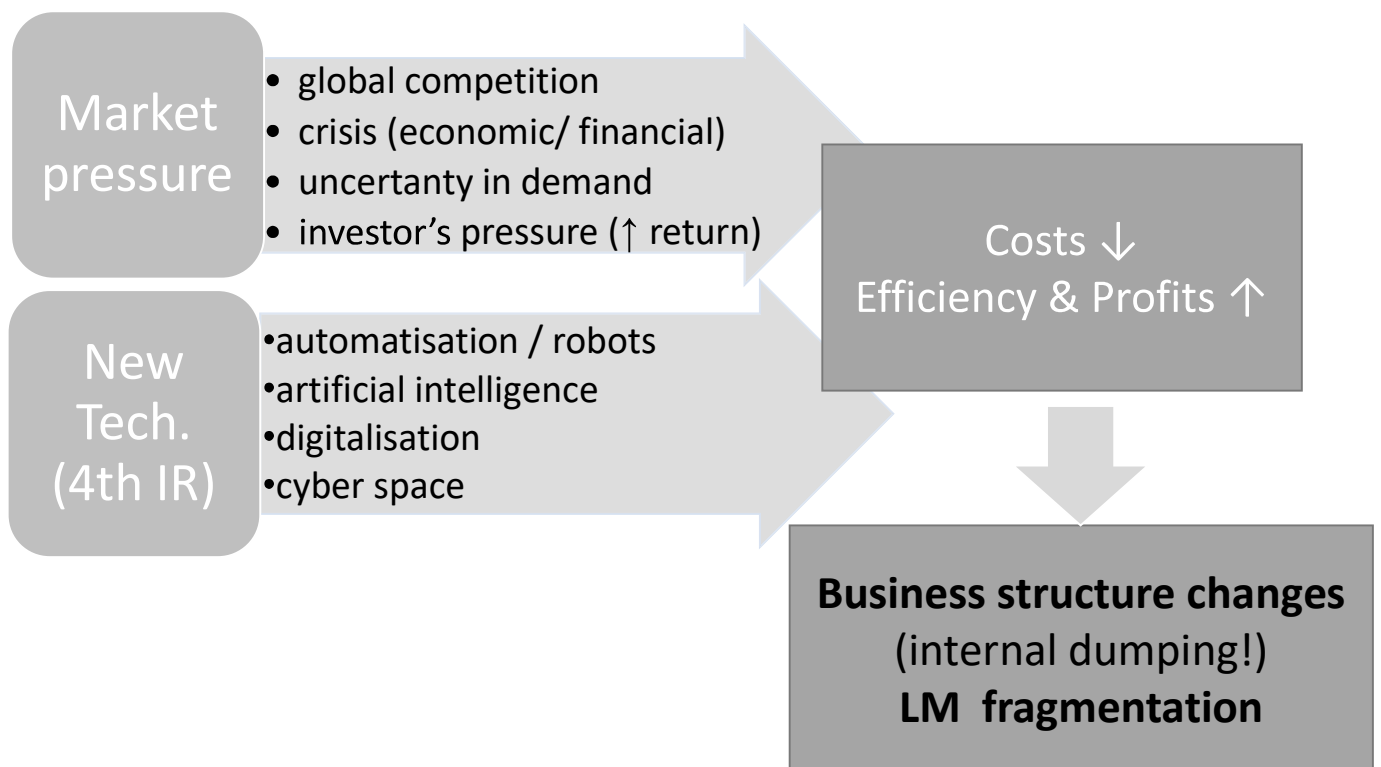
Outline:

- **What** urged & enabled changes?
- **Why** these changes concern us? (e.g. Croatia)
- **How** should/ could we proceed in the future?



**„social protection regardless of employment type” –
*Principle 12 EPSR***

What urged & enabled changes?



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3

Forms of

„STANDARD”	„NON-STANDARD” / „ATYPICAL”
<ul style="list-style-type: none"> • Open-ended • Full-time • (with fixed WT) 	<p>„Standard” non-standard's:</p> <ul style="list-style-type: none"> • Part-time • Fixed -term • Temporary agency work • Domestic work • Apprentices /student work <p><i>New non-standard (flexible)</i></p> <ul style="list-style-type: none"> • Marginal work (mini jobs) • On-demand work • Casual work • Voucher work • Crowd work/platform work • Economicaly dependent self-employed (grey zone) <ul style="list-style-type: none"> • Portfolio workers • Owner managers • Interim management

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Why these changes bother us? ...features

„STANDARD”	„NON-STANDARD” / „ATYPICAL”
<ul style="list-style-type: none">• Stable<ul style="list-style-type: none">• Open-ended contract• Full-time• Controllable<ul style="list-style-type: none">• At employer's premises• Direct arrangement• Bilateral relationship• Protected by:<ul style="list-style-type: none">• LL and collective agreements• SS legislation	<ul style="list-style-type: none">• Less subordination (grey zone between employment and self-employment)• Diversity, hybridization and aggregation of employment• Non-unionisation• Instable• Lower remuneration and/ or• Lower income insecurity• Career fragmentation• SS access –limited or no

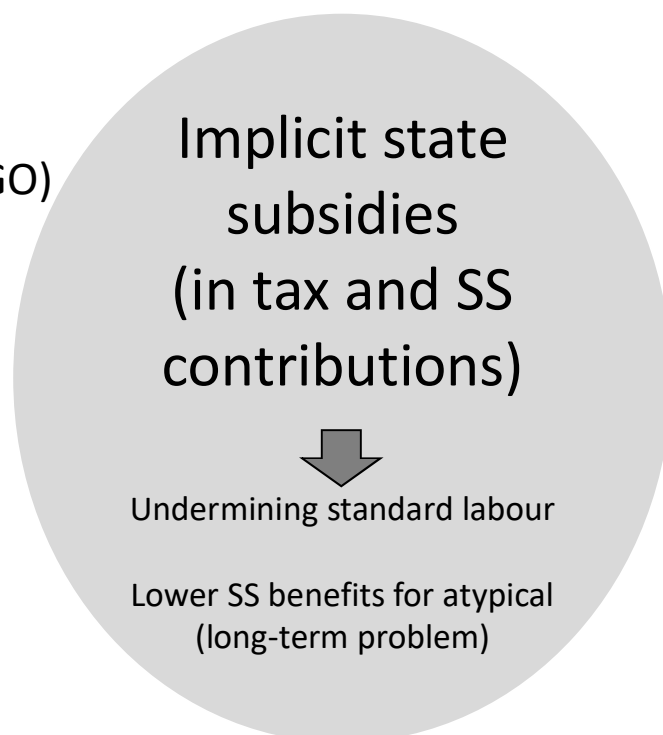
Social security concerns for atypical workers

Insurance based SS:

- no coverage or limited
- financing problem (in PAYGO)
- benefit level problem
 - contribution base
 - contribution rate
 - payment density

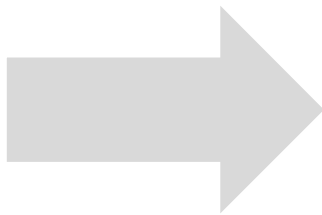
Tax financed SS:

- Usually better coverage
- Financing problem
- same or lower taxes



Croatian example....

- Formally atypical and self-employed are mostly covered, but huge differences in:
 - type of contributions paid
 - contribution base and
 - contribution rate



- **cheaper labour**
- **incentive to employ atypical**
- **lower level of future benefits**
- **(e.g. pensions)**
- **need for state transfers**

Croatian example....

Income regime	Flexible employment form	Contribution base
Employment contract	Fixed-term	Salary and other receipts
	Temporary agency	
	Assignment to another associated company (ad hoc job sharing)	
	Part-time	Salary and other receipts
	Permanent seasonal work	Salary and other receipts + Extended insurance during no work (⇒contribution base = 38% of the average wage in Croatia)
	Additional work (above full-time)	Additional salary
Self-employment	Interim management	<ul style="list-style-type: none"> • 110% of the average wage in Croatia, or • 100% of the average wage in Croatia, if registered as board member
	Crowd employment	
	Economically dependent self-employed or falsely self-employed	
Other income (casual work/ income)	Contract for service, author's contract	Amount of income
	Voucher work in agriculture	Per day: 40% of average wage in Croatia divided by 30
Non-taxable income	Occupational training	Per month: 38% of average wage in Croatia
	Student work	5% of student income

Croatian example....

Social insurance type	For employees	For self-employed	Self-employed in agriculture and forestry	Occupational training without employment contract	Student work	Other income recipients
Pension insurance (from gross earnings or contribution base)						
- 1 st Pillar	15%	15%	5%	15%	-	7.5%
- 2 nd Pillar	5%	5%	5%	5%	-	2.5%
- For WAHJ	from 4.86% to 17.58%	-	-	-	5% (physical injury, disability and death)	-
Health insurance (on top of gross earnings or contribution base)						
- health insurance	15%	15%	7.5%	15%	-	7.5%
- health and safety	0.5%	0.5%	0,5%	0.5%	0.5%	-
Unemploy. insurance						
	1.7%	1.7%	1.7%	-	-	-

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9

Main challenges ...

To prevent atypical ?

- NO (because we would also prevent innovative)

To make atypical work less attractive ?

- YES

How can we do that?

- by partially preventing rising inequalities?
- same labour cost in taxation and SS
- allowing access to social protection for all economically active persons
 - formally and effectively
 - COM(2018) 123 final

**Shift from „work type related” to „income related” tax and SS
Future entitlements & sound budgetary and SS financing**

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...and one more thing ...



The 2nd IR „created” SS!

The 4th IR provokes us to
bring it to the next level

....to bridge the gap
between current income
and future SS benefits!

Let's not miss the chance!

- Organisation of the labour market: stimulating innovation and the growth of skills



Hrvatski zavod za zapošljavanje

Croatian Employment Service

Active Labour Market Policy measures

Željko Marković

Rijeka, May 2018.



Hrvatski zavod za zapošljavanje

Active Labour Market Policy (ALMP) measures for 2018.

Taking into account the specific needs of its users, the Ministry of Labor and Pension System and the Croatian Employment Service have implemented a range of active employment policies aimed at encouraging employment, additional worker trainings and job preservation.

New measures of active employment policy for 2018. have replaced ALMP measures that were active till the end of 2017 in order to be clearer and more accessible to all who could use them.

- Croatian Employment Service Active Labour Market Policy measures


- Organisation of the labour market: stimulating innovation and the growth of skills

 Hrvatski zavod za zapošljavanje

Active Labour Market Policy (ALMP) measures for 2018.

Adjusted to EUROSTAT classification of labour market policies


- **Employment incentives**
 - **Employment incentive for first-time work experience/traineeship**
- Training of the employed
- Start-up incentives
- Training of the unemployed
- Workplace training
- Occupational training without commencing employment
- **Training to acquire relevant work experience (age 30+)**
- Direct job creation
- Job preservation subsidies
- Permanent seasonal worker

 Hrvatski zavod za zapošljavanje

New elements in ALMP measures for 2018.

- Introduced special package of measures aimed to facilitate obtaining first work experience
 - **Employment incentive for first-time work experience/traineeship**
 - **Training to acquire relevant work experience (age 30+)**
- Incentives for start-up enable investing in expansion the business activity
- Enlarged target groups of final beneficiaries
- Enlarged amounts of financial subventions in certain types of incentives
- Shortened time frame for processing and evaluation of the request for incentive – maximum 10 days (in 2017. time frame was maximum 15 days)

- Organisation of the labour market: stimulating innovation and the growth of skills

 Hrvatski zavod za zapošljavanje

Employment incentive for first-time work experience/traineeship

a) **in private sector:**

> **Target groups:**


1. unemployed persons with no previous work being recorded at public pension fund (HZMO)
2. unemployed persons without job in previous 6 months and with no previous work in their educational level being recorded at public pension fund (HZMO)

b) **in public sector:**

> **Target groups:**

1. unemployed persons with no previous work being recorded at public pension fund (HZMO), measure is aimed towards occupations in the areas of education, healthcare and social welfare

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 Hrvatski zavod za zapošljavanje

Training of the employed

> **Target groups:**

1. Newly employed persons from the registry of Croatian Employment Service regardless of their previous work experience, occupation and level of qualification
2. **Employed persons with aim to increase the competitiveness of existing labour force, selected by employer with precondition that person has permanent work contract**
3. Employed persons threatened with loss of work place due to changes in production program, introduction of new technologies or higher standards


Note for target group 2. :

Increasing of competitiveness means to train workers to perform tasks in various work places or business processes.

This does not include courses or educations in fields as: foreign languages, IT skills, accounting, public procurement licenses, generic skills etc.

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■ Organisation of the labour market:
stimulating innovation and the growth
of skills

 Hrvatski zavod za zapošljavanje

Start-up incentives

- Start-up incentives amount to **55.000 kn** or **70.000 kn** in case when combined with support for vocational training without work contract (newly self-employed person is entitled to use this form of support for maximum 2 trainees)
- In cases of two or more unemployed persons joining together in founding craft, company or cooperative it is possible to obtain support in amount of 55.000 kn for each person:
 - Support for founding cooperative is limited to **275.000 kn** (maximum 5 persons)
 - Support for founding company is limited to **220.000** (maximum 4 persons).
 - Support for founding craft or free profession is limited to **110.000 kn** (for 2 persons)
- Start-up incentive can also be obtained for purpose of expanding business activity in a way that unemployed person(s) receive support to join with existing legal entity founded by previous beneficiary of start-up incentive who has fulfilled contractual obligations towards Croatian Employment Service – under condition that such joining represent the expansion of business activity of that legal entity.

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 Hrvatski zavod za zapošljavanje


Occupational training without commencing employment

- **Target groups:**
- Unemployed persons up to 30 yrs. of age with less than 12 months of work recorded at HZMO in the vocation for which they are educated, registered with Croatian Employment Service for minimum 30 days
- Unemployed persons meeting these conditions:
 - their occupation has obligatory state license exam,
 - were previously included in this form of employment measure but on a lower educational level than last acquired
 - registered with Croatian Employment Service for minimum 30 days
- Unemployed persons meeting these conditions:
 - obliged to undergo state license exam,
 - having work recorded at HZMO in the vocation for which they are educated
 - not being able to undergo state exam due to fault of previous employer
 - registered with Croatian Employment Service for minimum 30 days
- **Limited number of persons that can be included in this measure for public sector:**

In state or public services, local and regional authorities – up to 3% of total number of employees in previous year

Exemption: obligatory trainees in health sector, social welfare and education with note that in sector of education and social welfare it is not possible to have more than one trainee without work contract on one work place


- Organisation of the labour market: stimulating innovation and the growth of skills

 **Hrvatski zavod za zapošljavanje**

Training to acquire relevant work experience (age 30+)

- > **Aim of measure:** measure is exclusively designed to enable persons over 30 yrs. that have obtained vocational school degree or university degree to undergo state license exam in areas of healthcare, education and social welfare
- > **Target groups:**
 1. unemployed persons over 30 yrs. of age with less than 12 months of recorded work in their occupation and not fulfilling the formal criteria for state license exam, registered with Croatian Employment Service
 2. Unemployed persons whose occupation has obligatory state license exam, were previously included in this form of employment measure but on a lower educational level than last acquired, registered with Croatian Employment Service
 3. Unemployed persons obliged to undergo state license exam, having work recorded at HZMO in the vocation for which they are educated, not being able to undergo state license exam due to fault of previous employer, registered with Croatian Employment Service

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 **Hrvatski zavod za zapošljavanje**

Statistical data, national level

TYPE OF MEASURE	New entrants in April 2018	New entrants from 1.1. to 30.4.2018.	Active participants on 30.4.2018. (current + previous years)	Active participants from current year	Active participants from previous years
1. Training	885	3 281	10 787	2 678	8 109
1.1. Occupational training without commencing employment	472	1 941	9 851	1 916	7 935
1.2. Training to acquire relevant work experience (age 30+)	13	19	19	19	N/A (measure introduced in 2018.)
2. Employment incentives	623	1 899	5 944	1 874	4 070
Employment incentive for first-time work experience/traineeship	51	98	98	98	N/A (measure introduced in 2018.)
Other employment incentives	572	1 801	5 846	1 776	4 070
3. Start-up incentives	646	1 580	4 483	1 579	2 904

NOTE: only selected types of measures that consist Training incentives are separately listed in the table

- Organisation of the labour market: stimulating innovation and the growth of skills

 Hrvatski zavod za zapošljavanje

Expected results of ALMP in 2018.

- High number of participants in measure **Employment incentive for first-time work experience/traineeship**
- Increased number of participants in measure **Training of the employed** in comparison with previous years
- Increased number of participants in measure **Start-up incentives** in comparison with previous years
- Decreased number of participants in measure **Occupational training without commencing employment** in comparison with previous years due to changes in criteria and conditions for final beneficiaries (employers and unemployed) of this type of measure
- Further increase in number of participants in measure **Training of the unemployed** in comparison with previous years. In this type of measure emphasis is on those programs of vocational education and specialisation that labour market on national/regional level has shortage of.


 Hrvatski zavod za zapošljavanje



HRVATSKI ZAVOD ZA ZAPOSŁJAVANJE
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HVALA NA POZORNOSTI!!

Tražite posao ?  Pregled slobodnih radnih mjesta

Tražite radnike ?  Pregled ponude rada

LABOUR FORCE COMPETITIVENESS

International conference Organisation of the labour market:
stimulating innovation and the growth of skills
Rijeka, 25 May 2005

Predrag Bejaković

The Institute of Public Finance, Zagreb

e-mail : predrag@ijf.hr

www.ijf.hr

1

Topics

- Basic facts about the competitiveness and knowledge-base society
- Education is important, but ...
- International Comparison
- Situation in Croatia
- Proposal for improvement

What is Competitiveness and why is it Important?

- It is the ability to achieve success on markets which then leads to a highly productive economy and improved living standards for the overall population.
- A key to further development, because numerous studies have shown a strong positive link between competitiveness indicators and economic growth.
- This in turn influences the attraction of foreign investment, alleviation of poverty and inequality, political stability and so forth.

3

What is Knowledge-based Economy?

- Economy in which the generation and exploitation of knowledge play the predominant part in the creation of wealth.
- It is not an economy of scarcity, but rather of abundance because information and knowledge can be shared, and actually grow through application.
- A key component is human capital, or, more accurately, its competencies.
- Rapid changes force workers constantly to acquire new skills and to update their skills throughout their lifetimes.

4

Theory: the Role of (educated) Labour Force

- Education helps a country move up the ladder of development and prompts its transition from the production of simpler products to more complex items.
- A more educated labour force finds it easier to adopt foreign technology and to develop its own more rapidly.

5

Importance of human capital

- Human capital is *an essential component* of competitiveness and economic development (return on investment in education is greater than that of any other investment), but there is no *a guarantee* that the formal education structure accurately reflects real abilities and skills.

The importance of other auxiliary effects

Education doubtlessly carries other – out of market effects - for example:

- easier access to information,
- greater care for personal health,
- more active participation in social life which encourages responsible democratic civic behavior,
- election of democratic authorities and actualization of the rule of law.

7

The role of human capital

- Educational institutions and the education level of a population not only influence the creation of human capital, but also **the invigoration** of socially beneficial capital and the minimization of dysfunctional forms of social capital.
- Under conditions of rapid technological development and commerce based increasingly more on conceptual rather than on material production, formal *academic diplomas and degrees are no longer a guarantee of economic success* either to individuals or to society as a whole.

8

Education is important, but... (I)

Economic competitiveness and GDP growth are influenced:

- positively by an increase in the share of persons over 25 years of age who have completed secondary, college and higher education,
- negatively by increased public spending: a larger volume non-productive public spending — and the associated higher taxes — means an unfavorable environment for growth.

9

Education is important, but... (II)

- positively by the index of the *rule of law* - quality of governmental administration, political corruption, probability that the government will not respect contractual agreements, risk of government expropriation and general respect for the rule of law.

Briefly

- Human capital is important but not a *guarantee* of competitiveness and economic development.
- Developed communication skills, computer knowledge, and the ability and willingness to engage in further education and training are all sought-after qualities.
- Employees have to be capable of creating, analyzing and transforming information, communicating effectively, and organizing and coordinating business activities.

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Specificities for particular occupations or jobs

The Berkeley researchers Zedeck and Shultz identified 26 “competencies” that they think effective lawyering demands - among them:

- practical judgment,
- passion and engagement,
- legal research skills,
- questioning and interviewing skills,
- negotiation skills and stress management...

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Conclusion about education systems

- Educational systems can no longer emphasize task specific skills but must focus instead on developing learners' **decision making** and **problem solving skills** and teaching them how to learn on their own and with others.

13

International Comparison (I)

- Without under- or overestimating the importance of certain educational attainments in securing economic development and competitiveness, it is obvious that a better education structure is closely linked with a higher level of economic and social development, like per capita GDP and similar indices.
- Perhaps general economic development enables the enhancement of labour force educational attainments, not *vice versa*.

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International Comparison (II)

- Although there are obviously differing classifications and interpretations for education attainment in these countries, the data are nonetheless surprising:
- Countries often mentioned as examples of very competitive labour forces, such as Ireland and Finland, have a relatively high share of primary qualification attainment.

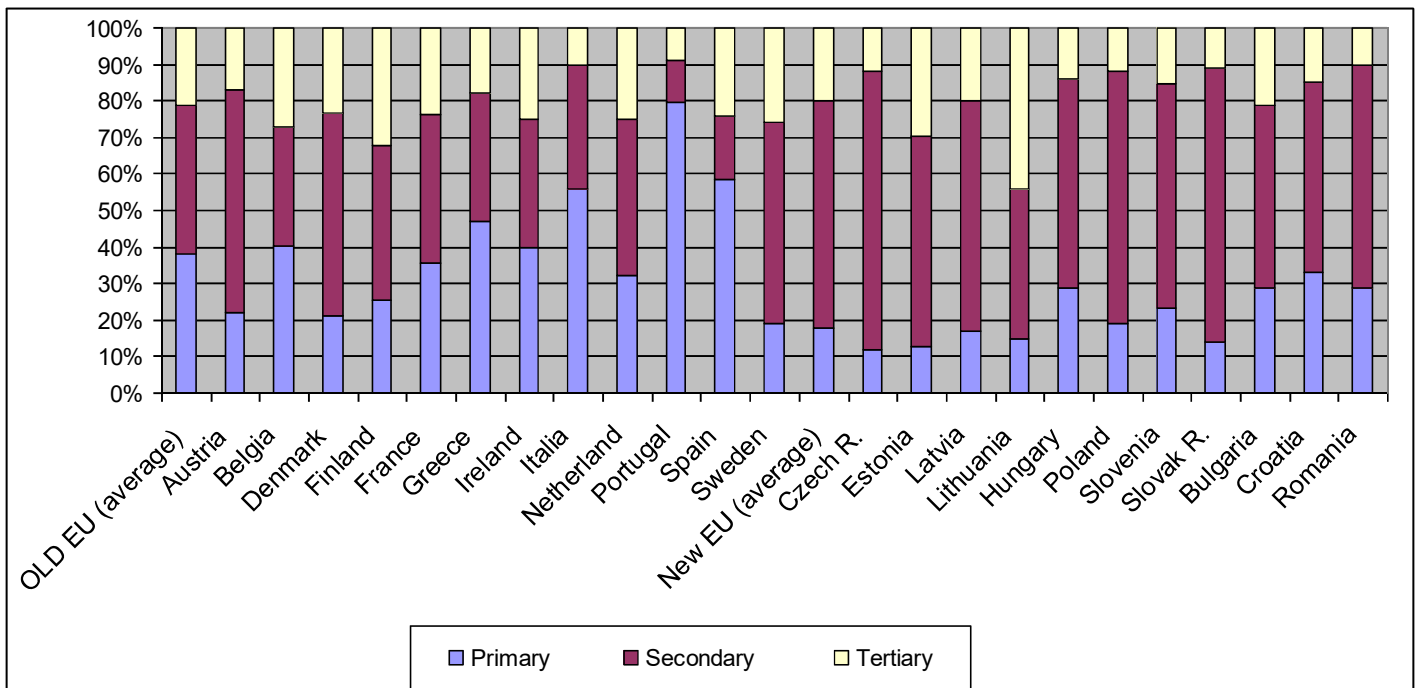
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Indicators only give a partial view of the reality

- By their very nature, they only measure what can be quantified and things for which there are data. Educational qualifications may be relatively easy to measure, but offer only a poor proxy for human capital.
- What one really wants is a direct measure of economically relevant skills, but unfortunately there is no possible candidate for this direct measure.
- As we only have data about *formally* acquired educational qualifications - the actual quality of individual educational programs and study courses is not being considered here - the share of the employed educational attainments can lead very easily to erroneous conclusions.

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Educational structure of persons 25-64 (Eurostat)



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SEE countries

- Bulgaria has the highest and Romania the lowest share of tertiary qualification attainment, with Croatia in the middle.
- Croatia has the lowest share of primary and the highest share of secondary qualification attainment, while the situation is opposite with Romania.
- Situation is improving ...

Situation and problems in SEE

The percentage of highly-educated persons in SEE countries is mostly still below the European average (20%), and the same can be said of the effectiveness of schooling and university-level study.

Adult education, which is practically the most dynamic sector of lifelong learning throughout the world, is very neglected area of educational system in SEE. There is a small number of participants in on-the-job education and training, and relatively meager funds are allocated for this purpose.

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OECD: Reviews of National Policies for Education

The problems faced by the educational system in CEE can be cited with relative certainty:

- lack of emphasis on developing analytical and problem solving abilities,
- very weak links between education and the professional world,
- and the non development of life-long learning.

How to improve bad educational systems?

- Educational programs are more oriented toward the rote memorization of course materials than on independent analytical/critical thinking and deduction and the innovative approach, which is certainly a hindering factor in other approaches to education and future work.
- In many countries the existing educational systems – with respect to the results - are expensive and ineffective, but there are no simple formulas to improve them.

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The Situation in Croatia (I): problems

- The current organization of the curriculum around subjects and teacher-dominated learning methods, with *the focus on factual knowledge and passive learning*, is not conducive to the development of the high-level technical, technological, and social competencies needed in a competitive economy.
- There are *too many compulsory subjects* and not enough optional subjects. .

The Situation in Croatia (II): problems

- There is *a serious lack of flexibility* and a low level of local capability for curriculum development
- A considerable number of youths in Croatia *drop out* of secondary and higher educational institutions.

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The Situation in Croatia (III): problems

- The *average duration* of college/university study is approximately 7 years, while at colleges (with two year course programs) is 5 years on average.
- According to estimates, only *one in three students complete their studies*, while a large number discontinue them.
- The high drop-out rate leads to higher costs per participant in educational programmes.

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The Situation in Croatia (IV): problems

- There is a relatively *low proportion* of students majoring *in the natural and technical sciences*.
- There are serious problems with the *knowledge and skills of graduates* in social sciences.
- *Adult and life-long education, is almost completely neglected in Croatia*. It is underdeveloped, as far as the coverage of attendees, the number of specialized institutions, and specialized staff are concerned, and it is insufficiently regulated by law.

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What is necessary to do? (I)

- The education system *should be changed from supply to demand-driven*, i.e. the system should provide learning alternatives.
- Curricula and syllabi at all levels should be reformulated to bring them into *closer correspondence* with economic needs.
- *Problem-solving abilities should be improved*, teamwork should be encouraged, and learning skills should be enhanced.

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What is necessary to do? (II)

- *The educational system must be made more flexible, so as to become a navigable system, thus avoiding dead-ends.*
- It is important to make the shift from teacher-focused teaching *to teaching methods that give students responsibility for learning, reward initiative and executive thinking, focus on alternative ways to analyze facts and ideas and solve problems in a meaningful context.*

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What is necessary to do? (III)

- Governments should facilitate private provision where possible, restricting its controls to the area of consumer protection - include quality assurance through mechanisms such as accreditation and impartial information about public and private institutions relevant to consumer choice.

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What is necessary to do? (IV)

- In conjunction with radical reforms of curriculum, materials, and pedagogy, SEE countries will need vigorously to *train existing and new teachers* including imparting new teaching methods, use of teaching materials, and testing methodology.

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Finally

- The achievement of a competitive economy and economic growth is hindered by a government that is either inefficient or prone to spending, or an unprofessional and unskilled public administration.
- Thus, the formation and reinforcement of professional institutions of public authority and a non-governmental sector are equally important to the improvement of labour force competitiveness and the creation of economic growth.

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That's all folks for now

- All different opinions and comments are welcomed.
- Thank you for attention.