

Croatia: Latest working life developments Q4 2018

Published on: 11 March 2019 Author: [Bejaković, Predrag](#) ; Klemenčić, Irena

Pension reforms, the threat of strikes in the public sector, the introduction of robots in the telecoms sector and examples of successful incentives to retain the country's workforce are the main topics of interest in this article. This country update reports on the latest developments in working life in Croatia in the fourth quarter of 2018 .

Six pension reform bills accepted by parliament

Following a heated debate and despite resistance from the trade unions, parliament passed a set of six pension reform bills on 12 December 2018. The reforms will enter into force on 1 January 2019 and involve:

- raising the retirement age to 67 as of 2033
- penalising early retirement by deducting 0.3% for each month or 18% for five years
- allowing pensioners to continue working part time for four hours a day whilst retaining their pensions

The reforms will also benefit mothers by introducing a six-month pension contribution 'bonus' for every child born or adopted. This should increase their pensions by at least 2%.

The reforms will also introduce changes to pension funds aimed at providing for greater transparency and control.

- Parliament of the Republic of Croatia: [Zakoni o mirovinskom osiguranju](#) (OG 115/18)

Increase in the minimum wage

On 30 November, the government increased the net minimum wage for 2019 from HRK 2,752 (€370 as at 25 February 2019) to HRK 3,000 (€404). This is an increase of HRK 248 (€33) or 9% compared to 2018. The gross minimum wage for 2019 is HRK 3,750 (€505) which is an increase of HRK 310 (€42) from HRK 3,440 (€463) in 2018. This is the largest one-off increase in the minimum wage since 2008. According to official data, about 37,000 people are currently earning the minimum wage.



- Government of the Republic of Croatia: [Uredba o visini minimalne plaće](#) (OG 109/18)

Threat of strikes in the public sector

Unions have warned that the gap between public sector and real sector wages now stands at 18.9% compared to the pre-crisis period 10 years ago. ^[1] The public sector unions demanded a 5.8% base pay rise in 2019, but the government offered 3%, saying it was the most the budget would allow. Negotiations between the government and public sector unions on a base pay increase lasted more than five months and the unions threatened strike action if their demands were not met.

The government and the public sector unions brought the negotiation process to a successful conclusion and agreed on a 3% pay rise as of 1 January 2019, and a further 2% pay rise as of 1 September 2019. The same pay rise was later agreed with public administration unions. Although the decision to accept the government's 'three plus two percent' proposal was not unanimous, the unions abandoned their plan to begin a strike on 28 November. The government and the public sector unions signed a contract on 5 December. They also agreed to resume talks in 2019 about a rise in 2020.

Telecoms company A1 Croatia employs 40 robots

Mobile operator A1 Croatia, formerly known as Vipnet, has introduced 40 robots into the workforce. ^[2] They are currently performing over 200,000 tasks per month that were previously carried out by humans. Software robots are working in call centres where they are rewriting data from one IT system into another and there are also robots in purchasing, logistics, IT and other departments. The company announced that robots have not reduced their requirements for human workers, in fact, the opposite has happened. Automatisation has simply meant that some of the repetitive tasks can be done by robots, allowing humans to be diverted into more creative and developmental roles. The robots are also managed by humans.

Examples of successful incentives to retain workers

While many employers in Croatia are becoming increasingly burdened with workers leaving for positions elsewhere and moving abroad, a Croatian combine harvester production plant in Županja, Slavonia, has successfully managed to maintain and increase its skilled labour force. The company, Same Deutz-Fahr Žetelice, gave their seasonal workers permanent jobs and increased their salaries by as much as 20% to ensure job satisfaction. ^[3]



Croatian bakery company Mlinar has revealed that in 2018, it spent a total of HRK 15 million (€2.02 million) on additional payments to its employees. For 2018, bonus payments for Easter and Christmas amounted to HRK 2,800 (€377) for 1,900 of its workers. In 2019, workers will receive additional monthly payments of HRK 400 (€54) on top of their regular salary, while the remaining non-taxable amount of HRK 7,500 (€1,009) will be allocated for Easter and Christmas bonuses. ^[4]

Retail company Pevec raised the minimum wage earned by its employees by HRK 1,000 (€135) and in 2019, it intends to invest HRK 20 million (€2.69 million) in improving the average gross salaries of employees, especially the salaries of retail and warehouse workers, which are the lowest within the company. ^[5]

A Zagreb-based consulting company, Logicka matrica, introduced a four-day working week in order to allow employees more leisure opportunities and more free time. Academic research around the world has confirmed that such schedules improve working life and productivity which, in turn, leads to greater job satisfaction. Logicka matrica will conduct an initial six-month trial during which just one of six current employees will work a four-day week. If the results are positive, the company will allow its entire staff to adopt a four-day working week. ^[6]

Commentary

Croatia's labour force is taking advantage of the EU's freedom of movement policy and heading abroad in search of better lives, better wages, greater security and more opportunities. Domestic and foreign firms in Croatia are adopting a variety of measures to retain their workforce. The lack of available younger unemployed workers is likely to lead to measures designed to activate the older population.

Footnotes

1. [^] [tportal.hr \(2018\), *Ništa od štrajka! Pomirili se sindikati i Vlada, plaće javnih službi rast će pet posto*, 27 November](#)
2. [^] [Poslovni dnevnik \(2018\), *Okolo 1800 ljudskih radnika u A1 dobilo 40 kolega-robotu*, 3 December](#)
3. [^] [Poslovni dnevnik \(2018\), *Kako su uspjeli zadržati radnike: Dali im stalni posao i povećali plaću za 20 posto*, 6 November](#)
4. [^] [tportal.hr \(2018\), *Mlinar će radnicima od iduće godine isplaćivati dodatnih 400 kuna uz plaću*, 14 November](#)



5. *^ Poslovni dnevnik (2018), [Pevec podiže minimalnu plaću za tisuću kuna te najavljuje otvaranje 200 novih radnih mjesta](#), 16 October*
6. *^ Vecernji list (2018), [Poduzetnica iz Zagreba uvodi nesvakidašnji poslovni potez. Podržavate li?](#), 1 November*

<https://www.eurofound.europa.eu/publications/article/2019/croatia-latest-working-life-developments-q4-2018>