



# Croatian Employment Law in Brief

Insights

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Since its declaration of independence in 1991, which precipitated the dissolution of Yugoslavia, Croatia has had a difficult path transitioning to a market economy. Now, Croatia is set to become the newest member of the European Union in July 2013, provided its accession treaty is ratified by the other 27 member countries. As part of Yugoslavia prior to 1991, about three-quarters of Croatia's labor force was employed in the public sector, largely employed by state-controlled enterprises. Private sector employment accounted for only about thirteen percent of the working population in 1990. Although public sector employers employ fewer Croatians today, the number is still high, and Croatia still struggles with rigid and uncompetitive regulations and the cost of a very generous social welfare system.

Croatia is a unitary democratic parliamentary republic of approximately 4.3 million people. Despite the challenges inherent in transitioning such a high number of employees to private-sector employment, Croatia has a highly-educated and skilled workforce and occupies a strategic position within central Europe, bordering the Adriatic Sea, as well as the countries of Hungary, Serbia, Bosnia and Herzegovina, Montenegro, and Slovenia. Although many young, educated Croatians left Croatia to seek employment elsewhere in past years, the economic slump in Europe has brought many skilled Croatians back to the country. Its capital is Zagreb, and its currency is the Kuna.

## The Croatian Labor Act

Employment in Croatia is governed by the Croatian Labor Act, the Constitution, collective bargaining agreements and individual employment agreements, as well as international conventions and treaties. The Labor Act, which is the main source for labor law in Croatia, regulates leaves, wages, strikes, and prohibits discrimination, among other subjects.

## The Employment Contract

Under Croatian law, all employment relationships are governed by contract, which must be in writing. The contract may specify an indefinite term, which is common, or a definite term, which is only permitted in limited circumstances. Each contract must include provisions enumerating the parties to the contract, working hours, periods of annual leave, duration of the contract, amount of salary and any salary supplements, and pay and notice periods.

Although the employee and employer may negotiate certain terms of the employment agreement, many provisions are mandatory. Some of the key mandatory provisions are summed up here:

- In general, the work week may not exceed 40 hours, and overtime may be worked only under special circumstances, and then only up to eight additional hours per week;
- Minors age 15-18 are not permitted to work overtime (no one under age 15 may be employed);
- Employees who work in “harmful” occupations may work less than 40 hours per week pursuant to law;
- Women are generally not permitted to perform night work, and may not work underground, under water, or in very physically demanding jobs;
- Wages must be paid at regular intervals, but not less than once per month;
- Employees are entitled to four weeks’ vacation each year;
- Pregnant women must take leave beginning 28 days prior to the expected birth of her child, and maternity leave may last up to 6 months, although the leave must last for a minimum of 42 days following the birth of a child. Fathers are also entitled to parental leave;
- Employees who work six or more hours per day are entitled to at least one 30-minute break;
- Employers with at least 20 employees must permit its employees to participate in decisions that affect their “economic and social rights and interests.”

### **Termination**

An individual work contract may be terminated by the employer only for “legitimate” reasons, and pursuant to the notice period set out in the employment contract. Legitimate reasons include employee misconduct, employee inability to continue performing his or her job duties, or a change in technology, organizational structure, or economic reasons such that the work need no longer be performed.

Employers who seek to discharge 20 or more employees at one time must present a “redundancy plan” within 90 days of the planned action, and must work with the regional employment council and workers’ council to design and implement the plan.

### **The Croatian Constitution and Gender Equality Act**

Under Article 4 of the Constitution, and the 2003 and 2008 Gender Equality Act, discrimination in employment is expressly forbidden. The Constitution protects citizens from discrimination based on their race, color, gender, religion, and political beliefs. The Gender Equality Act defines sexual harassment, and makes it illegal to engage in sexual harassment in the workplace, or to discriminate based on an employee’s gender, marital status, family status or sexual orientation. Any alleged violations of the Gender Equality Act may be brought before the Ombudsperson for Gender Equality or through the traditional court system. Despite these protections, sexual harassment and discrimination against women in the workplace is not uncommon. Further, although the war following the breakup of Yugoslavia ended many years ago, there is a great deal of ethnic tension within the workplace between and among ethnic Croats and the almost 30 different ethnic minorities living in Croatia. In particular, the Roma and Croatian Serbs complain about rampant

discrimination, harassment and tension in the workplace. Any would-be employer in Croatia will want to ensure that its employment policies comport with Croatian law and that there are mechanisms in place to adequately address workplace discrimination and harassment.

### ***Related People***

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