

# Innovative practices of Croatian trade unions: is there sufficient ground for optimism?

Hrvoje Butković

## Introduction

The economic crisis had a strong destabilising impact on the Croatian economy and it weakened the country's trade unions. Trade union membership, which is currently around 30 per cent, continued to decline (Šeperić 2015); the same was true for collective bargaining coverage, which decreased from 60 per cent in 2008 to approximately 40 per cent in 2015 (Bagić 2015). Furthermore, the crisis compelled the government to make rapid decisions in a unilateral manner, without prior discussion with the social partners (Butković *et al.* 2012). Last, but not least, the crisis induced an increase in atypical employment. Such workers are difficult to recruit into trade union membership due to the non-permanent character of their work engagement (Keune 2015). In these circumstances, labour organisations are increasingly in need of innovative practices even though it is not clear whether, weakened by the crisis, they possess the resources and capacities necessary for their implementation (McGuire 2011; Keune 2015).

This chapter presents three instances of innovative practices pursued by Croatian trade unions in the aftermath of the economic crisis, which could be singled out as particularly important for the future of the trade union movement in the country. The first case concerns union involvement with direct democracy which was chosen due to its growing popularity as an alternative tool for channelling labour discontent. It is arguably the most visible example of union innovation and its overall success and potential will be analysed. The two other cases deal with trade unions' participation in the development of vocational education programmes and their efforts to represent temporary agency workers. Both concern rather isolated activities which, however, carry much potential as examples of best practice. The selected initiatives are subsequently assessed with respect to the so-called dimensions of innovation, developed in the Introduction to this volume.

The chapter argues that, through innovative practices, Croatian trade unions gain higher recognition, but it is questionable to what extent this translates into membership increases and boosts their associational and organisational power. Still, it seems that the relatively rare examples of innovative trade union practices do have the potential to contribute to overcoming the current crisis of trade unionism in the country; in particular, they could bring much-needed membership increases if certain conditions were met. The potential of these initiatives is also closely related to their addressing of much broader audiences and not just workers employed on standard contracts and/or current union members.

The account relies on qualitative analysis of secondary sources that include academic publications. It is also based on five interviews with social partners conducted within the framework of the PRECARIR project,<sup>1</sup> as well as on media reports. The chapter first presents selected features of Croatian industrial relations and the drivers behind innovative union practice. It then focuses on the three instances of union innovation and reflects on their impact and long-term implications. The concluding section summarises the most important insights of the chapter.

## **1. Trade union movement in Croatia: understanding the drivers of innovation**

In their comparative study of the legacies that shaped industrial relations in Bulgaria, Croatia, Romania and Slovenia, Bohle and Greskovits (2012: 192) differentiate between Slovenia, on the one hand; and Bulgaria, Croatia and Romania on the other. They note that, only in Slovenia, did neo-corporatist structures prove strong enough to adopt systemic traits, despite similar frameworks being established in all four states. In the remaining three countries, referred to as ‘the laggards of transformation’, low state capacity reduced the chances for a coordinated transition from the old to the new socio-political order. The economic downturn of the late 2000s only worsened this situation as the governments of Bulgaria, Croatia and Romania proved inconsequential in their responses to the crisis.

The conclusions reached by Bohle and Greskovits are largely confirmed by Croatian researchers who point towards the systemic weaknesses in Croatian industrial relations. In this respect, fragmentation is a prominent feature of the Croatian trade union scene (Bagić 2010; Butković *et al.* 2012). From the outset of the transition process, the country had several representative trade union confederations, each of them assembling unions covering various segments of the economy. Fragmentation weakens the labour movement, so trade unions tend to avoid entering direct relations with employers due to their inability to challenge employers’ agendas and a lack of trust. In effect, unions frequently focus on the state, searching for legislative solutions to issues that should normally be addressed at bipartite level (Bagić 2010). An additional problem is union concentration in the public sector and a weak presence in the private sector which, to some extent, could be explained by socialist legacies. Significant differences are recorded between trade union coverage in the wider public sector<sup>2</sup> (68 per cent) and in the private sector (17 per cent); and between collective bargaining coverage in privatised companies (31 per cent) and newly-established ones (9 per cent; Bagić 2010).

The country’s biggest trade union confederations – the Union of Independent Trade Unions of Croatia (UITUC); and Independent Trade Unions of Croatia (ITUC) – are

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1. The project ‘The rise of the dual labour market: fighting precarious employment in the new member states through industrial relations’ (PRECARIR) was supported by the European Commission, DG for Employment, Social Affairs and Inclusion (reference number VS/2014/0534). The project, running between December 2014 and September 2016, was coordinated by Aurora Trif (Dublin City University) and Marka Kahancová (CELSI).
  2. Public sector in the wider sense refers not only to state administration but also to all legal entities that are in majority public ownership, such as state-owned enterprises.

sometimes perceived by the public as closer to the social democratic (UITUC) or the Christian democratic (ITUC) political option. However, research has shown that this perception is not well-founded because there is no evidence that, over the course of transition, various political options have favoured some confederations over others. Furthermore, all confederations compete for members since they are not specialised in particular sectors of the economy or profession (Bagić 2010; Butković *et al.* 2012).

On the employers' side, the Croatian Employers' Association (CEA) assembles companies employing more than 50 per cent of private sector workers, and it is the only representative national-level social partner on the side of employers. However, the CEA's internal structure does not always correspond with the structure of union organisations: it is divided into 25 branches, some of which have been created to cater to the interests of particular groups of employers, which lowers its capacity to participate in bilateral and trilateral agreements at the level of specific sectors (Bagić 2013). The relatively underdeveloped sectoral collective bargaining further weakens the organisation; some companies, especially smaller ones, do not see the benefits of becoming members of the organisation despite the widespread practice of extending sectoral collective agreements (Franičević 2008; Bagić 2013).

Tripartite social dialogue in Croatia takes place within the Economic and Social Council (ESC) created in 1994. This is an advisory body that consists of representatives of the government, CEA and representative union confederations. ESC provides opinions on legislative proposals in the fields of labour, the economy and social security, and encourages the peaceful resolution of collective and individual labour disputes (Butković *et al.* 2012). Still, the body's record in the past two decades could be described as poor, judging by its ability to reach compromises and conclude long-term social agreements. According to Bagić (2013: 33), the work of the ESC is characterised by 'an unproductive balance of power', which prevents it from finding constructive solutions to difficult questions in the area of economic and social policy; in other words, the same issues are being discussed throughout the years without obtaining resolutions. Šokčević (2009) further notes that the hierarchical structure of the tripartite body often serves the interests of the leaders of the social partners. It endows leaders with an additional layer of legitimacy, despite results of the social dialogue at tripartite level often being poor, while ones at bipartite (sectoral and company) level tend to be satisfactory.

After the outbreak of the economic crisis, the tripartite social dialogue experienced a further setback which manifested itself through two lengthy periods in which the work of the ESC was suspended. In 2010 and in 2014, the body did not hold its regular monthly sessions for a number of months due to boycotts of its work by the trade unions; on both occasions, the latter claimed that the procedures for amending the Labour Law were unilateral and therefore unacceptable (MUE 2015). However, the boycotts were not successful since they did not bring the desired change in the procedures.

In Croatia, the high bargaining coverage (at least before the crisis) is due to the widely-used extension of sectoral agreements and the well-established practice of bargaining in the public sector. Thereby it must be stressed that, even though sectoral and company agreements are not mutually exclusive, there is a growing trend towards company-level

bargaining, and the willingness of employers to conclude sectoral accords is decreasing (Miličević Pezelj 2013). As for the content of collective agreements, accords in some industries tend to be very similar to some company-level agreements. Moreover, they often contain provisions that are repetitions of the Labour Law and thus fail adequately to address the specificities of various sectors or companies (Rebac 2010).

Throughout the long process of the EU accession negotiations (2005–2011), Croatia harmonised its legislation with the *acquis communautaire*, which sets out minimum standards in some areas of labour legislation. In 2008, the Croatian government and the European Commission launched the so-called Joint Assessment of Croatia's Employment Policy Priorities (JAP) process, which is aimed at reaching an agreed set of employment policy objectives necessary to advance the country's labour market transformation. Despite this, final adjustments to Croatia's labour legislation in line with the *acquis* were implemented as late as 2013. Moreover, more substantial changes related to growing flexibility were introduced to the Labour Law in 2014, that is, one year after the country's EU accession (see below).<sup>3</sup>

The activities of Croatian trade unions have generally been in line with the 'traditional' concept of trade unionism, with an extensive focus on collective bargaining, legislative processes, litigation and industrial action. In particular, strategies that would make them capable of addressing the needs of the growing number of nonstandard workers are still largely missing (Šokčević 2009; Butković and Samardžija 2016). This phenomenon could partly be explained by the limited human resources of Croatian trade unions compared to their counterparts in older EU Member States. Proportionate to the size of membership, unions in Western Europe tend to have five times more employees than their Croatian counterparts (Butković *et al.* 2012). However, the relative absence of innovative trade union strategies targeting non-standard workers in the Croatian context is also related to the delay in introducing flexibility measures in the country's labour market, because many atypical forms of work are rare and previously unknown. For example, agency work was non-existent in Croatia before 2003, while the use of part-time work became financially worthwhile for employers only in 2014.

## 2. Union innovation in Croatia

This section presents three innovative union practices selected in line with the conceptualisation of union innovation developed by Bernaciak and Kahancová in the

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3. The 2014 Labour Law relaxed the rules on the use of fixed-term and agency work, improved the regulation of part-time work and introduced concepts of an additional employment contract, unequal working hours schedules and the posting of workers. The additional employment contract allows full-time workers to work for an additional employer for up to eight hours per week. The unequal working hours schedule gives an employer the right to modify employee working hours according to current company needs. Finally, the posting of workers refers to the possibility of sending a worker to work for a company associated with an employer and within Croatia for a maximum period of six consecutive months, or for two years if the associated company is situated abroad. These changes reduced the employment protection legislation index from 2.55 to 2.28 (CNB 2014: 17). The changes primarily concerned non-standard types of employment and thus contributed to the further segmentation of the Croatian labour market, deepening the gap between well-protected workers on standard contracts and other workers who increasingly face uncertainty (Butković *et al.* 2016).

Introduction to this volume. The cases originate from all three levels of trade union activity (national, sectoral and company level) and have attracted significant academic and media attention in recent years.

## 2.1 The use of direct democracy

Direct democracy has been part of Croatia's political system since independence. However, its implementation used to be hampered by a participation quorum, which prescribed that valid referenda and people's initiatives<sup>4</sup> need a turnout of at least 50 per cent of registered voters. These unfavourable conditions lasted until 2010, when the quorum was abolished. It is notable that this change was not made with the intention of encouraging direct democracy, but in order to save the imminent referendum on Croatia's EU membership from possible failure (Butković 2015). The immediate consequence of the reform was a sharp increase in the number of people's initiatives which, on three separate occasions, have been organised by trade unions. In all three cases examined in this chapter, as required by the Law on the Referendum, trade unions organised 15-day campaigns collecting signatures from at least 10 per cent of registered voters in order to launch national-level people's initiatives on particular issues.

The first people's initiative was launched in June 2010 by all five representative union confederations. It aimed to block changes to the Labour Law that would eliminate the after-effect of collective agreements – one of the core principles of Croatia's industrial relations that secured the continuing validity of expired agreements until the conclusion of new ones (Butković *et al.* 2012). The proposal was directly related to the crisis in public finances in 2010, which forced the government to make budgetary cuts. Specifically, the government planned to abolish certain rights of employees in the public sector. Such proposals had been previously rejected by trade unions, and a unilateral decision by the government to cancel the agreements would not have achieved anything due to their continuing effect. Therefore, in order to cancel the chosen rights of public sector employees, it was necessary for the government to abolish the after-effect of collective agreements (Bagić 2010).

The second people's initiative addressed the issue of the outsourcing of non-core activities in the public sector. Within public administration, this process started in the early 2000s and, by the end of that decade, most ministries and other public administration bodies had, at least partially, outsourced auxiliary activities such as cleaning and security services. Before 2014, however, there was a 2 per cent ceiling on the institution's wage bill concerning expenditure on such services. Moreover, outsourcing measures did not apply to the public sector in the wider sense which, in Croatia, comprises almost all activities in healthcare and education (Franičević and Matković 2013). In May 2014, the government decided to implement the outsourcing of all non-core services in the public sector (except in healthcare) in order to reduce public spending and increase efficiency. If implemented, some 25 000 workers would be transferred overnight from the relative

4. People's initiative represents an instrument of direct democracy and can be launched once it obtains the support of a specific number of citizens defined by law (Jung 2001).

safety of the public sector to the insecurity of the private sector. Seventeen trade unions from the public sector (including those in healthcare), with some 125 000 members, accordingly reacted promptly against this decision and, in June 2014, they launched a people's initiative that would ban outsourcing in the public sector by means of a special law (IURHEE 2014).

Finally, the third people's initiative concerned the government's 2013 decision to lease motorways, which are public property, to a private partner under concession for 40 years. The concession was to be granted because roads were built with the help of loans that started to overburden the state budget. Based on the conclusions of an expert study commissioned by the government, it was argued that the concession scheme represented the best way for the motorways' fiscal recovery and, as a result, in late 2013 an international tender was announced to lease the motorways under concession (Laušić 2014). In reaction to this decision, in October 2014, a peoples' initiative was launched by two trade unions in the area of road transport; seven civil society organisations, among the most active in the country; and five trade union confederations (CCRC 2015b). The organisers intended to prohibit the planned concession by means of amendments to the Law on Road Transport. They argued against the recommendations of the expert study based on providing a guarantee to the prospective holders of the concession that traffic on Croatian motorways would increase by 1.5 per cent per year, claiming that this unrealistic calculation would inevitably lead to penalties that the state would be obliged to pay to the concessionaires (Opačić 2013). Moreover, they claimed that the concession scheme would decrease quality and make motorways more expensive. Finally, the protesters pleaded for the re-scheduling of the existing motorway loans (Vidov 2014).

The outcomes of the three people's initiatives were surprisingly similar. All three managed to collect the required number of valid signatures, which demonstrated the strong organisational capacities of Croatian trade unions. Their success should partly be attributed to professional media campaigns, which included promotional video clips during prime-time television. Ultimately, the initiative concerning amendments to the Labour Law collected 717 149 signatures, almost double the required minimum (CCRC 2010). The other two also achieved prominent results – 547 866 against outsourcing (CCRC 2015a); and 498 545 against the monetisation of the motorways (CCRC 2015b). On all three occasions, it took the Ministry of Public Administration several months to validate the accuracy of the collected signatures. During this time, despite protests, the government continued to work on these controversial proposals. Similarly, in all three cases the Croatian Parliament sent an inquiry to the Constitutional Court asking if the proposed question was in accordance with the Croatian Constitution. The most surprising similarity concerns the final reaction of the government, which abandoned all three original proposals before the expected ruling of the Constitutional Court. This proved premature because the Court cancelled all three initiatives by declaring voting on the Labour Law unnecessary (since, in the meantime, the government had withdrawn its original proposal) and ruling the other two issues unconstitutional (CCRC 2010; CCRC 2015a; CCRC 2015b).<sup>5</sup>

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5. There were other occasions in which the Constitutional Court stopped trade union initiatives. In 2003 and 2008, the Commercial Trade Union of Croatia, with the help of the Catholic Church, successfully lobbied the government to ban working on Sunday in the retail sector by means of a special law. However, on both occasions,

In terms of the dimensions of innovation, the initiatives described in this subsection could be considered innovative in regard to the choice of union strategies. Specifically, involvement with direct democracy represents a novelty in the context of the traditional activities of Croatian unions which have mostly concerned the mobilisation of trade union members over preserving existing employee rights; collective bargaining; lobbying for legislative changes and litigation to enforce existing employment regulations (Butković *et al.* 2012). The adoption of this new strategy is closely linked to the setback in the tripartite- and sectoral-level social dialogue that has been recorded in Croatia since the outbreak of the crisis. Due to the problems with the social dialogue, trade unions searched for alternative instruments to express their discontent and attain their goals. At the same time, people's initiatives could be considered innovative also in relation to target group selection because they addressed citizens in general, not just union members. As such, they fit well with Greskovits' (2015) argument, according to which unions' traditional repertoire of contention, motivated by workers' interests, has been replaced by massive protests in the public space staged by workers acting in the capacity of citizens.

## 2.2 The development of new vocational training schemes

Croatia belongs to the group of EU countries with the highest unemployment rate. In recent years, the jobless rate in the country has sharply grown, from 9.2 per cent in 2009 to 17.3 per cent in 2013, and started to fall only in 2015 when it reached 16.6 per cent (Eurostat 2016a). The effect of the crisis notwithstanding, unemployment in Croatia is, to some extent, the result of a mismatch between the skills of employment seekers and the needs of the labour market (Tomić 2014; World Bank 2015). According to the World Bank (2011), in order to adjust supply and demand in the labour market, Croatia would need to spend a higher share of its GDP on active labour market policies. However, in 2013 the country spent only 0.2 per cent of GDP on this area, which ranks it among the worst-performing EU Member States (Eurostat 2016b).

To remedy the situation, the Croatian government had already started to work in 2006 on establishing the Croatian Qualifications Framework (CROQF), a reform instrument that regulates the system of qualifications at all levels, thereby contributing to the lowering of skill mismatches in the Croatian labour market. Special legislation was adopted in February 2013 (CROQF Act) for the purpose of the implementation of CROQF, after broad consultation with the social partners and professional associations. CROQF, which was adopted under the strong influence of the EU, enables Croatian qualification levels to be made compatible with the levels specified in the European Qualifications Framework and the Qualifications Framework of the European Higher Education Area. In addition, it introduced occupational standards; that is, it lists the

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the law was declared unconstitutional by the Constitutional Court (Butković *et al.* 2012). The Court's decisions point to the pressing need for a new Law on the Referendum that would introduce better regulation and greater procedural clarity in the area of direct democracy. Currently, there are hardly any thematic restrictions on what can be put to the vote by means of a people's initiative, while checking if the proposed question is in line with the Croatian Constitution only comes at the end of the whole process (Butković 2015).

clearly-defined competences required for a certain occupation. The original CROQF Act stipulated the creation of 25 sectoral CROQF councils as advisory and professional bodies, expected to ensure that the professional skills acquainted by future workers in respective sectors correspond with the needs of the labour market. Each council has 11 members, with trade unions and employers each represented by two members within each council (CROQF 2016).

Involvement in CROQF is a novelty for Croatian trade unions, but it is not necessarily the best example of their innovative potential since the scheme was, to a high extent, EU-driven and designed by the Croatian government. On the other hand, research conducted within the framework of the PRECARIR project (2016) reveals that trade unions viewed participation in CROQF sectoral councils as an opportunity to adjust Croatia's education system to the needs of the labour market. They also praised it as it allowed their active participation in the policy-making process, which is still not the general rule in Croatia (interview MTUC 2015; interview CTUC 2015). Last, but not least, due their involvement in CROQF, Croatian trade unions started to work more independently and innovatively in the area of lifelong learning. This is a particularly problematic area in the Croatian labour market policy given that, in 2015, only 2.6 per cent of workers were involved in lifelong learning while the EU average was 10.6 per cent (Eurostat 2016c).

In the context of skills development, the establishment of the Centre of Metal Industry Competences at Đuro Đaković (CEMEKO) should also be mentioned. This is an association founded in May 2015 jointly by the Metalworkers' Trade Union of Croatia (MTUC), the Croatian Employers' Association (CEA), the Uljanik shipyard and Đuro Đaković Holding Ltd. CEMEKO facilitates lifelong learning insofar as it connects education institutions with employers who express a need for the training of their workers; it also supports the development of educational programmes based on the needs of specific metal industry companies; and is engaged in the development of occupational standards as required by CROQF (MTUC 2015). Concerning occupational standards, CEMEKO also lobbies the authorities to grant qualifications to those workers with work experience who possess the necessary competences but lack formal training (MTUC 2015).

Work on the development of new vocational education schemes at national (CROQF) and sectoral (CEMEKO) levels could be considered innovative in regard to choice of strategies. It departs from the focus of Croatian trade unions on traditional trade union activities, similar to the aforementioned case of union involvement with direct democracy. The most innovative aspect of union work in this regard is the establishment of CEMEKO, providing specific education services. The creation of the association fits well within the servicing type of union strategies identified by Cunningham and James (2010) and it is innovative simply in the sense that the range of services offered by the Croatian trade unions is still relatively limited. Apart from choice of strategy, work on the development of new vocational education schemes could also be considered innovative from an organisational perspective since, for Croatian trade unions, engagement in CROQF and CEMEKO represents a new form of cooperation with employers and the state. Additionally, elements of innovation in terms of target group are also present

because the educational offer of CROQF and CEMEKO is directed more broadly towards labour market participants and not only towards current union members.

### 2.3 Representing the interests of agency workers

Temporary agency work was introduced in Croatia back in 2003, but it is not as common as in other EU Member States. According to Eurostat (2016d), in 2014 the country had only 5 371 temporary agency workers (TAWs; around 0.4 per cent of its labour force), which is a relatively small number compared to other EU Member States. This could be explained by the lack of production facilities financed by foreign capital, whose workforce in some new EU Member States is made up to 30 per cent of TAWs (interview Adecco Croatia 2015). Currently, there are no trade unions that organise TAWs and the number of agency workers who are members of sectoral or company-level trade unions is very low. Agencies themselves are not members of the Croatian Employers' Association (CEA), but they do form a coordinated structure that is associated with the CEA and serves as a contact point for government bodies.

Croatian trade unions protested at the introduction of agency work back in 2003 and, later on, objected to all legislative changes that relaxed conditions for their employment (Butković and Samardžija 2016). So far, there have not been many instances of trade unions advocating the transfer of TAWs into standard employment, which would be directly beneficial for such workers. The absence of activities in this area stems mainly from difficulties in recruiting TAWs into unions and the scarce human resources remaining at union disposal, as well as strong resistance to this type of action from employers (interview Adecco Croatia 2015). Still, actions carried out by the Waste Disposal Trade Union in 2014 and 2015 show that such transfers are possible.

The Waste Disposal Trade Union (WDTU) is an in-company union operating within the City Waste Disposal subsidiary of Zagreb Holding Ltd. that is entirely owned by the City of Zagreb. The company consists of 16 subsidiaries and employs 12 000 workers in total. There are 24 trade unions operating within the holding company, around half of them being active in the Zagreb Electric Tram subsidiary. The City Waste Disposal subsidiary, which has some 900 workers, has struggled since 2008 as a result of the shortage of some 200 refuse collection vehicle drivers. This situation was remedied by engaging TAWs (interview WDTU 2015) who were tasked to perform work of a permanent character, alongside their colleagues on standard contracts, but who were employed on temporary contracts lasting two, three or six months. After the expiry of the maximum period for which a TAW is legally allowed to work with a particular agency (one year until 2014), they were transferred to a different agency. TAWs did not receive numerous cash-based benefits, such as Christmas and Easter bonuses, transport reimbursements or annual vacation allowance; and they also had fewer vacation days than permanent workers.<sup>6</sup> Importantly, neither did TAWs have the right to compete in the internal tenders of Zagreb Holding Ltd. concerning new job openings (Tomičić 2013).

6. The practice of depriving TAWs of bonuses and equal vacation periods is against the law but is quite common in Croatia. Workers usually accept unequal treatment, fearing that their contracts might not be renewed.

In mid-2014, a leadership change at WDTU led to a redefinition of the union's approach towards TAWs. The new leadership modified the union's statute, allowing TAWs to become members of the organisation. It also informed TAWs working in the City Waste Disposal subsidiary that the union considered their transfer into standard employment as its priority goal and, as a consequence, 156 out of the 192 TAWs joined the union. Managers in the holding company and the subsidiary were informed about the intentions of the new trade union leadership and there was much initial and subsequent resistance towards the idea of transfer. The principal argument evoked by the company was that the employment of TAWs represented an economically more sound option which, however, was challenged by trade union leaders with specific calculations and cost simulations (interview WDTU 2015). However, the real reason could well be that agency work is not registered as *de facto* employment, since the official number of employees in the company excludes agency workers. Therefore, the hiring of such workers fitted well with the post-2008 job cutting policy of Zagreb Holding Ltd. (Tomičić 2015).

Between mid-2014 and mid-2015, Zagreb Holding Ltd. went through a turbulent period: its management boards were replaced while, for several months, the city mayor of Zagreb was not in a position to administer his duties. In the meantime, WDTU received valuable legal advice and support from the Independent Trade Unions of Croatia, the confederation to which it was affiliated (interview WDTU 2015). In terms of public reaction, the daily newspaper *Novi List* closely followed this story and published a number of articles which objectively portrayed the situation.

In the end, the company agreed to transfer to standard employment all TAWs working as refuse collection vehicle drivers in the City Waste Disposal subsidiary. The process involved nearly 200 workers and was completed by the end of 2015. WDTU advised other trade unions in the Holding company, and outside of it, to exercise similar pressure for the transfer of TAWs. However, only the City Markets Trade Union, operating within the same Holding company, responded positively and, by following a similar path, managed to transfer 13 of its TAWs into standard employment (interview WDTU 2015).

With respect to the three dimensions of innovation, WDTU's activities on behalf of TAWs could be considered innovative primarily in regard to the selection of target group. Research shows that the organising of non-standard workers, including agency workers, is notoriously difficult and has been successful only in a limited number of cases (Keune 2015). The Croatian precedent documented in this section represents one of these successful cases, and shows that the vision and the courage of the company-level trade union leaders, combined with the relatively weak arguments of the company management, led to a positive outcome.

### **3. Assessing the impact of innovative union practices**

The setback in social dialogue that has been observed in many European countries since 2010 has forced trade unions to shift their focus to political and protest-oriented actions (Butković *et al.* 2012; Guardiancich 2012; Greskovits 2015; Kahancová 2015), and

Croatia is not an exception in this respect. Still, as argued by Vospernik (2014), the use of direct democracy as a tool for channelling union discontent has not been as common in other new EU member states as it has been in Croatia. There are three reasons that explain the relative popularity of this measure in the Croatian context. Firstly, the abolition of the participation quorum for national-level referendums and initiatives in 2010 made direct democracy in Croatia much more appealing to all actors. Secondly, due to the still relatively high union density, Croatian trade unions possess the capacity successfully to implement national-level signature-collecting campaigns. Finally, and perhaps most importantly, as the most ardent advocates of leftist ideas, Croatian trade unions often claim to have no interlocutors among political parties which, in their view, almost exclusively follow a neoliberal agenda (Butković *et al.* 2012). Therefore, it should not come as a surprise that they have used national-level people's initiatives to contest neoliberal economic reforms.

By strategically utilising direct democracy tools, trade unions managed to veto government reform proposals that were controversial and had not been the subject of consultation with the social partners. Unions' actions exposed the weaknesses of the governments led by Jadranka Kosor (2009–11) and Zoran Milanović (2011–15): the two cabinets gave up on their reform proposals after the trade unions managed to collect the required number of signatures and before the expected judgement of the Constitutional Court, and ultimately were not re-elected. Judged from a long-term perspective, however, it is questionable how much was actually achieved by the unions. The changes to the Labour Law planned in 2010, in particular the abolition of the after-effect of collective agreements, were implemented only one year later by means of another act. Furthermore, the Constitutional Court's rulings on outsourcing and the monetisation of the motorways opens the doors to the current or any future government to continue these reforms.

From a strategic point of view, unions' engagement with direct democracy could be interpreted as a sign of them losing associational and organisational power, and the attempt to compensate for these losses by means of discursive power (Levesque and Murray 2010; McGuire 2011). The latter refers to the ability of trade unions to define work-related problems in a way that mobilises public opinion and challenges the existing hegemony of the dominant socioeconomic paradigm (see Mrozowicki and Maciejewska, this volume). On the other hand, having investing so much effort into a strategy which did not translate into increased membership numbers (Šeperić 2015) does pose a question regarding the degree of its success and its potential to reverse, or at least hold back, the general trend of union decline. In this context, it seems that, in the future, Croatian trade unions should carefully weight their involvement with direct democracy against traditional activities such as strikes and protests. The latter two instruments have been somewhat avoided in the post-crisis period although, if well planned and implemented, they might have prevented the government from implementing socially harmful policies. By building a positive image of labour organisations, they could also indirectly contribute to membership increases.

The reduction of the skills mismatch in the Croatian labour market was one of the main reasons for the establishment of CROQF. Trade unions participated in this government-

led initiative from the very outset, as it gave them an opportunity to be actively involved in policy-making processes. In the metal industry, cooperation through CROQF led the social partners jointly to establish the CEMEKO association. The latter has been operational only for one year, which makes it difficult to evaluate its accomplishments.

Still, in terms of the broader implications, CEMEKO could be viewed as an example of best practice that could lead to the increased involvement of workers in lifelong learning schemes and should be followed in other sectors. On the other hand, our earlier research (Butković *et al.* 2016) demonstrated that Croatian trade unions are aware that representing the interests of non-standard workers through associations like CEMEKO might be difficult. This is because trade unions and employers have very different perceptions concerning the desirable role of vocational education. For trade unions, such training should make workers better equipped for standard employment; while for employers it should lead to increased labour market flexibility and the further development of non-standard forms of work (interview MTUC 2015; interview CEA 2015). Therefore, in addition to associations like CEMEKO, Croatian trade unions should perhaps consider establishing sectoral and/or professional associations aimed at the affiliation and representation of non-standard workers. In Italy, for example, such associations have managed to extend the coverage of collective agreements and have fostered transitions from nonstandard to standard contracts (Pulignano *et al.* 2016). This is, of course, just one possibility which also has its downsides because it may also deepen the isolation of non-standard workers. In any case, given that social partner views on nonstandard employment tend to differ significantly, trade unions need to address the issue independently from employers who, as a general rule, always promote atypical forms of work.

WDTU's innovative approach to TAWs at Zagreb Holding Ltd. was preceded by the decision that the transfer of agency workers into standard employment represented a primary goal for the union. This was linked to the election of a new trade union leadership that enjoyed strong support, which points to the important role of union leaderships in setting innovative goals and pursuing innovative practices. Still, the sustainability of WDTU's inclusive strategy within the City Waste Disposal subsidiary is difficult to predict because it is unclear whether the practice of engaging TAWs to perform work that is clearly of a permanent character will continue. Moreover, despite the successful transfer of 200 TAWs into permanent employment, the City Waste Disposal subsidiary still suffers from serious staff shortages. According to some commentators, this situation is part of a deliberate plan by Zagreb Holding Ltd. and the City of Zagreb to portray the City Waste Disposal subsidiary as dysfunctional in order to outsource this activity to a private concession (see, for example, Tomičić 2015).

In terms of the broader implications of WDTU's actions for the Croatian trade union movement, the inclusion of TAWs represents an example of best practice that could be followed by other organisations. There can also be other means through which unions could represent the interest of agency workers. An alternative strategy, which is undocumented in Croatia, could leave such workers short of full trade union membership but provide them with services tailored to their specific needs.

## Conclusions

Croatia's industrial relations system suffers from a number of structural deficiencies, such as trade union fragmentation, the limited representativeness of the employers' association, generally underdeveloped sectoral bargaining and an unproductive tripartite dialogue. In the post-2009 period, trade unions have been additionally weakened by the goals of employers and the government in the area of industrial relations becoming increasingly similar as both strive for greater flexibility on the labour market. Throughout most of the period, the activities of Croatian trade unions have still been very much focused on traditional practices such as collective bargaining. Innovative practices 'beyond the enterprise' remain relatively rare, but may also be observed.

The three innovative practices analysed in this chapter were selected, as stated in the Introduction, due to their frequent usage (direct democracy) and their potential application to other sectors and companies (vocational training programmes and the transfer of TAWs). In the post-2009 period, direct democracy has been applied on three separate occasions as an innovative tool for channelling trade union protests against the government's programmes and has proved successful in blocking them. However, the unions' victories were only temporary, and therefore it remains questionable whether direct democracy represents the best tool for channelling trade union grievances, especially given that it does not translate into membership increases. It is possible that trade union membership could be increased by means of direct democracy if unions themselves were to launch innovative people's initiatives on specific issues in the area of industrial relations. Here, however, unions would need to make sure that the initiatives complied with the Constitution so that they stood a chance of being fully implemented.

Unions' involvement in new vocational training programmes seems to have directed their attention to lifelong learning initiatives. In addition, through their involvement in the development of education programmes, trade unions have become more aware of the need to develop specific actions aimed at supporting the growing cohort of non-standard workers. In the future, this awareness could lead to concrete actions on a wider scale and the development of new training schemes directed towards this category of employees.

The third innovative practice – union efforts to transfer TAWs into standard employment – could be followed by other company-level labour organisations. Despite being very innovative in terms of chosen target group, it remains traditional regarding an understanding of trade union work insofar as the union acted on behalf of the agency workers only after the latter joined its ranks. This and the previous initiative point to the necessity for Croatian trade unions to launch services that could be available to non-standard workers regardless of their membership status. Even though such services would be initially costly for the organisations, they would raise awareness of the trade union role among this category of workers and could ultimately lead to an increase in trade union membership.

Regarding the dimensions of innovation, two of the three examined initiatives – direct democracy and vocational education programmes – could be considered innovative mainly in regard to the choice of trade union strategies. On both occasions, trade unions adopted new, previously unused approaches in response to specific challenges. The transfer of TAWs to permanent employment, in contrast, could be viewed as innovative in regard to the selection of target group; in the past, Croatia's trade unions addressed the issue of temporary work only by opposing new legislation promoting this form of employment and did not try to reach temporary workers.

All in all, innovative practices in the context of the Croatian labour movement are still relatively scarce, isolated examples. Thanks to these initiatives, trade unions have boosted their discursive power: they have managed to gather visibility and recognition although such activities have generally failed to produce the much-needed increases in membership. The increase of union membership is extremely important for the future of industrial relations in the country because trends currently go in the opposite direction. Stronger unions with more members could arguably help overcome the systemic weaknesses of industrial relations in the country discussed in Section 1.

Despite all their imperfections, the innovative practices analysed in this chapter can be viewed as a step forward. If modified and further developed, they have the potential to strengthen the associational and organisational power of trade unions. This, however, means that, in the future, organisations should set the increase of union membership as their primary goal. Therefore, the answer to the question posed in the title of this chapter should be in the affirmative but with some reservations: the innovative practices of Croatian trade unions do provide grounds for cautious optimism at this point, but it remains to be seen whether they will be applied on a larger scale and accompanied with more resolute actions in the field of membership recruitment.

## Interview

Interview with Adecco Croatia – Agency for temporary employment, Zagreb, 9 June 2015.

Interview with Commercial Trade Union of Croatia (CTUC), Zagreb, 3 June 2015.

Interview with Croatian Employers Association (CEA) Department for Metal Industry, Zagreb, 2 June 2015.

Interview with Metalworkers' Trade Union of Croatia (MTUC), Zagreb, 28 May 2015.

Interview with Waste Disposal Trade Union (WDTU) in Zagreb Holding Ltd. – The Secretariat, Zagreb, 2 December 2015.

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