

Job retention schemes in Europe

Croatia

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Note on ETUI classification of job retention schemes (JRSs): All job retention schemes (JRS) share the objective of preserving the ties between companies and their employees in times of temporary economic difficulties. They support incomes of workers who keep their employment contract even if the work is fully suspended. Depending on the primary objective and the nature of support, three different categories of JRS can be distinguished:

(1) Short-time Work Scheme (STW): The key objective of STW schemes is to provide support to companies to retain their employees in times of economic difficulties. The company receives financial support for the employees' wages paid for the time not worked. The extent of working time reduction can vary, including also a full work suspension.

(2) Furlough Scheme (FS): FSs can be best understood as temporary unemployment. The financial support is thus paid directly to the worker for the period of partial or full working time suspension. The aim of a FS is to enable companies to reduce their wage bill by temporarily laying off (parts of) their workforce. While retaining the ties with the employer, workers on the FS scheme are available to seek alternative employment. Integrated into the existing system of unemployment insurance, FSs can be seen as a tool to facilitate the transition towards a new job.

(3) Wage Subsidy (WS): The main objective of WS is to preserve employment through subsidizing companies' wage bills. For this purpose, a company in temporary financial difficulty receives financial support per employee, regardless of whether or not working time of specific employees is reduced. The employees keep receiving their wages. Permissible wage adjustments are not directly related to working time reductions.

Key characteristics of the job retention scheme

ETUI classification of the job retention scheme (JRS) Wage subsidy (WS): Job Preservation Support
Short-time work (STW): Short-time Work Allowance

Name of the scheme	Job Preservation Support	Short-time Work Allowance
Start date of the implementation of the special Covid-19 JRS rules	On 20 March 2020 the government introduced measures aimed at protecting jobs in the face of restrictions in response to Covid-19 (lockdown). The measures provided wage subsidies for companies if they satisfied the sectoral criterion and/or the loss-of-revenue criterion . These criteria, as well as the scope of the measures, were subject to continuous changes throughout 2020. From March to June only one measure existed, while from July until September the measure was divided into two measures: job preservation support for (a) specific sectors and (b) micro-employers . In October, these measures were again unified in one measure that encompasses a range of criteria.	From June, a special measure was introduced for the preservation of jobs in sheltered workshops, integrative workshops and employment units for people with disabilities .
	An STW scheme was introduced in June 2020 as part of measures to mitigate the Covid-19 pandemic's effects on the labour market.	
	All measures are administered through the Croatian Employment Service.	

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Eligibility

The eligibility criteria for companies entitled to apply for support changed regularly throughout 2020:

(i) **March–May:** eligible employers had to be in one of three sectors (I – accommodation and food service activities, H – transportation and storage, and parts of C – manufacturing), or they had to be affected or closed because of the imposed restrictions or to have suffered a revenue loss of more than 20% in comparison with 2019 because of the special circumstances of the pandemic.

(ii) **June:** eligibility criteria changed to include companies from agriculture, administrative and other social services. Only micro-companies (fewer than 10 employees) could apply from the manufacturing sector. Also, the eligible companies needed to provide evidence of at least a 50% revenue loss in comparison with 2019 because of the special circumstances of the pandemic.

(iii) **July–August:**

(a) eligible employers needed to be from specific sectors (H, I, J, M, N, R, S) and to provide evidence of at least 60% income loss in comparison with 2019;

(b) eligible micro-employers needed to provide evidence of income loss of at least 50%.

(iv) **September:**

(a) the sector eligibility criteria stayed the same, as did the income loss criteria, but all employers affected by the restrictions and with a revenue loss of 60% could also apply, as well as all employers closed due to the restrictions;

(b) all micro-employers were eligible if they suffered loss of income of at least 50%, and without the income criteria if they closed because of the restrictions.

(v) **October–December:** eligible employers were from specific sectors (H, I, J, M, N, R, S) who suffered a revenue loss of at least 40% in comparison with 2019, all micro-employers regardless of sector, all companies affected by the restrictions with a revenue loss of at least 40% and all companies regardless of sector and level of revenue loss closed because of the restrictions.

(vi) **January–February (2021):** eligibility criteria stayed the same as in previous months, with additional inclusions of employers from parts of Croatia affected by the recent earthquakes. These employers can apply for support regardless of sector or level of revenue loss if they can prove that the consequences of the earthquake affected their business or production.

Employers applying **for the preservation of jobs in sheltered workshops, integrative workshops and employment units for people with disabilities**, are eligible regardless of the sector in which they operate, if they can prove revenue loss of at least 50% in comparison with 2019. The same eligibility criteria are prolonged until June 2021.

The scheme applies to companies from all sectors with at least 10 employees facing a decline in revenue of at least 20% on the comparable month in 2019. For employers in manufacturing a drop of less than 20% is allowed.

In companies with 10–50 employees the working time reduction needs to affect at least 20% of workers; in companies with more than 50 employees at least 10% need to be affected.

During the period of STW support, companies are not allowed: to make employees on STW support work overtime; to employ new workers for the jobs that can be done by workers on STW support; to employ students or other temporary workers; or to use remote or telework for workers on STW support.

The initial level of reduced working hours that was supported through this scheme was 10–50% of contracted monthly working hours. From 22 October 2020 the supported reduction of working hours was increased to 70%; currently, since 8 January, the maximum eligible level of reduction of working hours amounts to 90% of contracted monthly working hours, while the annual reduction of working hours cannot surpass 70%.

Exceptions (category of workers or companies excluded from support)	If companies are owned by the state, counties or local self-government, or if the state, counties or local self-government own more than 25% of the company (except for employers in manufacturing and accommodation), they are not eligible to apply for the measure.	The STW scheme applies only to for-profit companies with 10 or more workers. Only full-time workers can be supported through this scheme. Organisations in the non-profit sector and institutions outside the corporate tax system are not eligible.
Duration of support (maximum duration for which JRS support is paid)	<p>The scheme, with minor changes, has been extended on the regular basis. Currently it has been prolonged until 28 February 2021.</p> <p>The support for the preservation of jobs in sheltered workshops, integrative workshops and employment units for people with disabilities has been prolonged until June 2021.</p> <p>The maximum duration of support per employer (the number of months an employer can use the support) is not regulated.</p>	<p>The STW scheme lasted from 1 June 2020 to 31 December 2020. The scheme has been extended, with a higher cap on support, until 31 December 2021. Companies need to apply every month to qualify for the scheme.</p> <p>The maximum duration of support per employer (number of months an employer can use the support) wasn't regulated until January 2021. In January, the limit for support was set at 70% of annual number of working hours – if the share of reduced working hours supported through this scheme exceeds 70% on an annual level, the employer is no longer eligible to apply.</p>
Level of support for employees (percentage of gross or net wage, please also specify whether social security contributions are covered)	<p>The level of support is not dependent on workers' gross or net wage. The level of support is fixed: in March it was the minimum wage –HRK 3,250 (approximately €429) for a full-time worker. From April the support for a full-time worker is HRK 4,000 (approximately €533).</p> <p>In addition, from October (and ongoing), the level of support depends on the level of revenue loss. In the case of a 40% drop in revenue (minimum revenue loss required for eligibility), the support is HRK 2,000 (€267). The level of support increases with the level of revenue loss up to the maximum amount of HRK 4,000 (€533) in case of a drop in revenue of 60% or more. Moreover, employers who are closed 1–15 days a month because of the imposed restrictions are paid HRK 2,000 per full-time worker, while those closed for more than 15 days are paid HRK 4,000 per full-time workers.</p> <p>The employers on the job preservation scheme are exempt from paying social contributions up to the supported amount, while the state pays contributions to the capitalised pension scheme (second pillar of pension insurance) corresponding to the amount of support received.</p>	<p>Workers are entitled to their original net wage, provided that there's no change in the contract. The maximum support from July to October was HRK 2,000 (approximately €267) equal to a maximum of 50% reduced working hours in a month. In October, the maximum level of support rose to HRK 2,800 (approximately €369) for full-time workers in accordance with the rise in the maximum reduction of working hours. Currently, from January 2021, capped support amounts to HRK 3,600 (€475) for a 90% monthly working hours reduction. The minimum support is HRK 400 (approximately €53) for full-time workers with a 10% reduction in monthly working hours covered by this scheme.</p> <p>The level of support is calculated on the basis of a HRK 4,000 net wage (for instance, 90% of work time reduction=4,000 x 0.9 = HRK 3,600). The level of support for workers on wages below HRK 4,000 is calculated based on their actual wage.</p> <p>The employer has to pay all contributions, but is refunded in accordance with the level of support received.</p>
Cap on support (maximum amount of JRS support payable)	<p>The maximum amount of support paid in March was HRK 3,250 (€428) – the minimum wage in Croatia – per month per full-time employee. From April (and ongoing) the maximum amount of support was raised to HRK 4,000 (€533) per month per full-time employee.</p> <p>The maximum amount of support paid through the measure for micro-employers (July–September) was HRK 2,000 per full-time worker.</p>	The maximum amount of STW monthly support in 2020 was HRK 2,800 (€368) per worker (October–December). From January, the maximum amount of STW monthly support is HRK 3,600 (€474) per worker.
What share of the support is covered by the state and by the employer?	In both schemes the state (that is, the Croatian Employment Service) covers 100% of the support.	
Dismissal protection	There is no explicit dismissal protection, but employers are not entitled to support for workers whose contracts are terminated in the month of receiving support. The exceptions are terminations due to: end of a fixed-term contract; retirement; when the worker terminates the employment contract; notice due to personal reasons; and notice due to employee misconduct.	Employers are not allowed to terminate the employment contracts of employees for whom they are claiming support, up to at least 30 days from the end of receiving support. The exceptions are terminations due to: end of a fixed-term contract; retirement; when the worker terminates the employment contract; notice due to personal reasons; notice due to employee misconduct; and extraordinary termination of the employment contract.

Role of collective bargaining in the adoption and implementation of JRS support

At the company or sectoral level, trade unions, works councils or collective bargaining have no role in the adoption or implementation of job preservation schemes.

At a national level, one of the seven members of the management board of the Croatian Employment Service, the central body responsible for the adoption and implementation of all active employment measures, is a trade union representative.

The scheme requires that, in companies covered by a collective agreement, the application to the STW scheme is accompanied by an agreement on the use of STW measures, co-signed by the representative trade union. In companies without a collective agreement, such an agreement should be co-signed by the works council (if there is one) or trade union (if there is one).

But if the works council or trade union don't respond or can't reach agreement with the employer, then the latter can make a unanimous decision on applying for the STW scheme.

Special conditions for support to avoid misuse of the system (for instance, ban on paying out dividends or bonuses; ban on share buybacks or operating from tax havens)

A provision aimed at avoiding misuse of the system was adopted in June 2020. If the company has received support for 50 or more workers, and if during the period of receiving support, the company pays dividends or shares in profits, allocates shares to management, allocates rights to buy shares to management, pay bonuses to management or buys back shares, the company will have to return the received support.

This provision is the same for both schemes.

Special provisions as regards training/ requalification/ reorientation of employees on JRS

No special provisions regarding training, requalification or reorientation of employees on support.

Quantitative data

How many workers were on JRS each month? (Please indicate whether these are applications for JRS or the actual numbers of workers on JRS)	Job Preservation Support		Short-time Work Allowance	
	Number of workers	Amount of support (in HRK/EUR)	Number of workers	Amount of support (in HRK/EUR)
March 2020	500,667	1,611,576,288.00 (€212,503,000)	/	/
April 2020	583,299	2,305,905,142.00 (€304,058,000)	/	/
May 2020	508,432	1,991,768,026.00 (€262,635,000)	/	/
June 2020	84,779	329,537,076.00 (€43,452,900)	8,692	14,211,182.00 (€1,873,890)
July 2020	71,987	235,453,694.00 (€31,047,000)	12,528	22,546,022.00 (€2,972,930)
August 2020	52,078	172,275,737.00 (€22,716,400)	11,345	21,143,918.00 (€2,788,050)
September 2020	44,536	137,326,424.00 (€18,107,900)	9,103	16,609,674.00 (€2,190,160)
October 2020	89,150	297,661,888.00 (€39,249,800)	10,140	19,004,997.00 (€2,506,010)
November 2020	143,481	447,363,710.00 (€58,989,400)	10,140	19,004,997 (€2, 506,010)
December 2020	150,410	547,239,747.00 (€72,159,000)	14,216	23,453,884.00 (€3,092,600)
Total		approximately €1,064,918,494		approximately €17,929,650

Source:

1. Data for March–December available at: <https://mjera-orm.hzz.hr/korisnici-potpore/>
(last updated on April 14th, 2021, accessed on May 23rd, 2021)

Which sectors were most affected at the beginning of the pandemic in March/April and towards the end of the period studied in November/December? (as a percentage of overall number of workers on JRS)	Job Preservation Support						STW Allowance	
	Number of workers	April		November			November	
		% of workers on support	% of total number of workers	Number of workers	% of workers on support	% of total number of workers	Number of workers	% of workers on support
A Agriculture, forestry and fishing	14,844	2.5	43.7	2,103	1.61	6.07	223	2.84
B Mining and quarrying	921	0.15	21.28	51	0.04	1.21	/	/
C Manufacturing	154,018	25.91	60.45	7,885	6.03	3.13	5,835	74.41
D Energy supply	552	0.09	3.89	31	0.02	0.22	/	/
E Water supply, sewerage, waste management and remediation activities	3,301	0.56	12.76	110	0.08	0.43	246	3.14
F Construction	54,832	9.22	46.2	5,909	4.52	4.88	93	1.19
G Wholesale and retail trade; repair of motor vehicles and motorcycles	113,816	19.15	49.95	12,385	9.47	5.52	464	5.92
H Transport and storage	33,435	5.62	38.01	12,725	9.73	14.76	285	3.63
I Accommodation and food service activities	75,319	12.67	82.35	58,434	44.67	63.8	62	0.79
J Information and communication	16,144	2.72	33.72	2,100	1.61	4.28	38	0.48
K Financial and insurance activities	2,212	0.37	5.69	237	0.18	0.61	/	/
L Real estate activities	3,696	0.62	36.71	821	0.63	8.4	14	0.18
M Professional, scientific and technical activities	39,496	6.64	48.15	6,045	4.62	7.42	112	1.43
N Administrative and support service activities	22,086	3.72	40.81	6,988	5.34	13.21	427	5.45
O Public administration and defence; compulsory social security	371	0.06	0.32	30	0.02	0.03	/	/
P Education	6,795	1.14	5.71	684	0.52	0.57	/	/
Q Human health and social work activities	9,926	1.67	8.74	761	0.58	0.67	/	/
R Arts, entertainment and recreation	9,485	1.6	32.14	5,327	4.07	18.28	25	0.32
S Other service activities	32,473	5.46	91.53	8,085	6.18	22.17	18	0.23
T Activities of households as employers; undifferentiated goods- and services producing activities of households for own use	213	0.04	11.72	35	0.03	1.98	/	/
U Activities of extraterritorial organisations and bodies	161	0.03	/	29	0.02	0	/	/
Unknown	397	0.07	/	31	0.02	13.96	/	/

Note: Because of the different timeframes of data updates, the total number of workers on job preservation support and STW allowance in November differs from the table above.

Source:

1. Number of workers – data from Croatia Employment Service (26 January 2021)
2. % of total number of workers – own calculations based on data from Croatian Bureau of Statistics available at: https://www.dzs.hr/Hrv_Eng/Pokazatelj/Zaposlenost%20i%20place/Zaposlenost%20-%20Administrativni%20izvori.xlsx

Is there any data on how many workers lost their job after STW expired?	No available data.	
Is there any data on how much money the state spent on JRS and over time? (in absolute figures and as a percentage of GDP)	<p>According to current data, in 2020 job preservation support amounted to HRK 8,076,107,732.00 (€1, 1,064,918,494) without taking into account the social security contributions.</p> <p>Together with the cost of STW support the state spent €1,082,848,144 on JRS measures. This represents 2.2% of GDP, which according to Eurostat was €49,104 million at current prices in 2020.</p>	<p>According to the currently available data, in 2020 STW support amounted to HRK 135,974,674 (€17,929,750) without taking into account the social security contributions.</p>

Information on non-standard workers and JRS²

Do non-standard workers (NSW) have access to the regular JRS scheme or are there other support schemes, for instance for the self-employed?³	<p>Workers with temporary contracts (fixed-term contracts) and temporary agency workers have the same entitlement to support as workers on permanent contracts. Self-employed, as well as independent crafts persons paying lump-sum taxes through the so-called flat-rate craft scheme (<i>paušalni obrt</i>) can apply for job preservation and STW support if they meet the sectoral/revenue loss eligibility criteria. Platform workers in Croatia use different kinds of contracts and, depending on them, they can access the job preservation or STW scheme. Non-standard workers who are not covered by these schemes include workers working through student contracts, contracts for service and authors' contracts.</p> <p>There were two other support schemes designed to support non-standard workers, both under the auspices of the Ministry of Culture and Media and aimed at workers in the culture sector:</p> <p>1. Fund for independent artists</p> <p>In April, the Ministry of Culture and Media announced support for independent artists whose social contributions are paid from the state budget. The support was available for three months – March, April and May – if they could prove that they had lost income/revenue because of the restrictions imposed. In January 2021, following the renewed introduction of stricter restrictions, this fund was reactivated.</p> <p>2. Fund for independent professionals who do not have a regulated status, are not in the register of taxpayers, do not pay contributions or have not acquired the right to pay contributions from the state budget</p> <p>In May, the Ministry of Culture and Media launched a fund for artists and independent professionals who were not eligible to apply for other schemes. This was a one-time support paid to artists and independent professionals through artistic associations of which they are members.</p>
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What are the eligibility criteria?	<p>1. Fund for independent artists</p> <p>The eligibility criteria include the legal status of independent artist, evidence of loss of revenue due to special circumstances caused by Covid-19 and minimum income of HRK 1,625 (approximately €214) in 2019.</p> <p>2. Fund for independent professionals who do not have regulated status, are not in the register of taxpayers, do not pay contributions or have not acquired the right to pay contributions from the state budget</p> <p>Eligibility for this one-off support is conditional on membership of an artistic organisation, evidence of loss of revenue due to special circumstances caused by Covid-19, minimum income of HRK 1,625 (approximately €214) and maximum income of HRK 200,000 (approximately €26,390) in 2019, based solely on artistic activity. Eligible candidates cannot be full-time employees, full-time students or retirees and may not have received assistance through other Covid-19 related measures.</p>
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2. Non-standard workers include workers with a temporary work contract, platform workers, temporary agency workers, multiparty employment, disguised employment/dependent self-employment, freelance workers, etc.
3. The following questions refer to any existing schemes for non-standard workers.

How is the financial support for non-standard workers calculated?

1. Fund for independent artists

Independent artists who in 2019 earned an average monthly income of below HRK 1,625 (approximately €214) received support in the amount of the minimum wage for part-time employment (HRK 1,625) and those who earned more received support in the amount of the minimum wage, HRK 3,250. In April, the amount of support was changed in accordance with other measures – the higher level of support amounted to HRK 4,000 (approximately €533), and the lower level to HRK 2,000 (approximately €264). The number of artists receiving the support, as well as the total amount spent is shown in the following table:

	Number of independent artists	Amount of support (in HRK)
March	773	2,388,750 (€314,982)
April	881	3,318,000 (€437,513)
May	890	3,362,000 (€443,315)

2. Fund for independent professionals who do not have regulated status, are not in the register of taxpayers, do not pay contributions or have not acquired the right to pay contributions from the state budget

Based on previous earnings two levels of support were granted. Independent professionals who in 2019 earned less than HRK 19,500 based on their artistic activity obtained one-off support of HRK 5,000 (approximately €659), and those who earned more than HRK 19,500 based on their artistic activity received support of HRK 10,000 (approximately €1,319). Through this fund, 751 independent professionals, members of artistic associations, have received support, amounting to a total of HRK 6,715,000 (approximately €885,443).

Which sectors were most affected in terms of providing support to non-standard workers?

Although there is no official data on the level of support received by non-standard workers, the measures discussed here are predominantly directed towards the arts, entertainment and recreation sector.

Are there any measures for training/requalification/reorientation for non-standard workers?

No special provisions regarding training, requalification or reorientation of non-standard workers.