

All Work and No Play Tackled in Croatia: A Buzz Interview with Marija Gregoric of Babic & Partners

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Croatia's labor market is experiencing an intense early 2023, as a new set of various amendments – including regulations prohibiting retail work on Sundays and public holidays – is about to take effect, according to Babic & Partners Partner Marija Gregoric.

"At the end of 2022, Croatia made significant amendments to its employment act, which went into effect in January 2023," Gregoric begins. "These changes introduced several important novelties in employment law, but have recently been overshadowed by the amendments made to the commerce act in March 2023, which have prohibited retail businesses from opening for trade on Sundays and public holidays."

"We anticipate that these amendments will have an impact on the Croatian labor market," Gregoric explains. "The proclaimed goal of these changes is to improve work-life balance and provide protection for female employees, who make up the majority of retail workers." The new law imposes a general ban, she notes, "with two exceptions. First, the ban will not apply to specific exempted stores, such as marketplaces, fairs, stores within train stations and airports, museums, hotels, and hospitals. Second, the retailers can select up to 16 Sundays throughout a year as working days."

According to Gregoric, this controversial law has been debated for decades: "historically, there have been three attempts to introduce similar legislation since 2004 but, each time, the constitutional court annulled it, finding it overburdened retail businesses and was disproportionate to the goal it was designed to achieve." On top of that, according to her, the measure is also politically contentious. "The background to this law suggests that the Catholic Church is trying to influence the government to make Sundays non-working days in a traditionally Catholic country."

Gregoric says that the new law might face some hurdles when implemented. "The law is unclear on some practical issues, such as whether the rule of a maximum of 16 working Sundays a year applies to individual stores or retailers. For example, if the ban is applied by store, there could be a situation where the employees are shifted between stores and work more than the permitted 16 Sundays, which would go against the proclaimed purpose of the new law." She also highlights that "the law could motivate retailers with similar stores in neighboring locations to make arrangements not to work on the same Sundays, which in turn may potentially raise concerns under competition law."

"Businesses are heavily against this law and have criticized it, claiming that it will effectively halt consumption growth and result in a decline in GDP and redundancies due to a surplus of employees," Gregoric continues. "Businesses have announced their intention to file a constitutional appeal. They are also grappling with the issue of scheduling work and are already preparing for potential redundancies or shifting their workforce."