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# Recovery and Resilience in Croatia: Education for the Acquisition of Work-related Skills

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**Abstract.** The Covid-19 pandemic caused a significant disruption on European labour market. Companies were declaring workers redundant, and governments had to rely on national job preservation policies to prevent the rise of unemployment and income loss. It became obvious that, with the shift in the labour market and the emergence of new skills and knowledge that were required, it was necessary to focus on education and training, for there was a mismatch between the needs of the economy and the shortage of labour force. The EU's NextGenerationEU plan was introduced as a strategy to emerge stronger from the pandemic and the Member States will be able to use grants and loans to finance reforms and investments under the Recovery and Resilience Facility. Its component that is based on strengthening the development of science and education system, as well as on lifelong learning should be one of the foundations of Croatia's competitiveness, all the while encouraging the growth of deficient professions, mainly in the form of a scheme called Education for the acquisition of competencies necessary for work through vouchers, that represents a financial instrument for allocating public funds for adult education and is a part of national active labour market policy package.

*Keywords:* *post-Covid recovery; adult education; active labour market policies; acquisition of work-related skills.*

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## Introduction

Four years before the completion of this paper, on 30 January 2020, the World Health Organization officially announced that there was a public health threat of international importance<sup>1</sup> due to an outbreak of a virus we all later came to know under the name Covid-19. From that moment on, the whole world was forced to comply to extreme, immediate changes, affecting every sphere of human life – public health, economic activities, social interactions, labour market, global travel and tourism... the world as we knew it changed drastically, basically overnight, and ever since then we've entered into an era known as post-Covid times, where we analyse facts, concepts, occurrences, i.e. through the sphere of the effect that the pandemic has had on them, always taking it into account as a significant factor.

This paper's main focus is the subject of adult education and the challenges it has faced since 2020 in Croatia, predominantly focusing on the measure implemented by the Croatian Employment Service (CES) and funded from the Recovery and Resilience Facility (RRF), but before we actually dive into the subject itself, it is necessary to put into perspective how the labour market has changed in the meantime due to the effects of the pandemic, and how it forced the workforce to transform as well, putting into the foreground various skills and knowledge that haven't been in high-demand before, while putting some others into surplus, reshaping the ratio of supply and demand, and therefore placing the workers in a position where it was expected from them to evolve accordingly. Brushing up one's skills doesn't simply happen overnight, since the whole education system has to reassess itself in order to take on the new challenges, and where tertiary education takes more time to be implemented, with taking into account the time needed for the students to finish their selected programmes, adult education might be the right option when it comes to demands of the newly evaluated labour market and its needs.

Firstly, we will touch upon the 2020 situation and the different measures that emerged in the EU as well as in Croatia, most of them focused on preserving workplaces, before we discuss the labour market situation in Croatia in numbers. Also, we will mention the different active labour market policies offered by the Croatian Employment Service that have been in use, one of them also being Education for the acquisition of competencies necessary for work through vouchers – one that has been

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<sup>1</sup> C. Liu, *The World Health Organization: A Weak Defender against Pandemics*, *Virginia Journal of Social Policy & the Law* 28, no. 2 (2021): 174-218, p. 196.



funded through NextGenerationEU plan and its Resilience and Recovery Facility - introduced as a strategy to emerge stronger from the pandemic, transform the economies and societies, and design an inclusive society<sup>2</sup>. By investing in the education of its workforce, providing them with adult learning and training, Croatia hopes to be on the right path towards maintaining a competitive and sustainable labour market in the years to come. The final part of this paper provides us with a detailed description of the Education for the acquisition of competencies necessary for work through vouchers measure itself and its current assessment.

### 1. The post-Covid society

The effects Covid-19 had on the labour markets and employment rates across the globe were unprecedented – not even comparable to the economic crisis from 2008, its consequences resulting in a long recession for the whole world. It placed a growing number of businesses in danger, putting the jobs of more and more workers at risk, impacting the livelihoods of many citizens, and forcing policy makers to come up with solutions in the form of measures that would support jobs and businesses, whether it be small businesses, big corporations, or self-employed individuals - everyone was included in the protection plan.

The rift between insiders and outsiders on the labour market was sharpened, as many individuals did not have adequate digital skills, ones that were suddenly in high demand. By moving to smart working, those who already had a well-defined network and digital skills were given an advantage. There has been a polarization that has disadvantaged some categories of people - individuals with lower education levels, women, and people who were economically fragile. The digital skills gaps affected not only companies, causing low productivity, and hindering their ability to access markets, but also society in exploiting the potential of digitization and in providing digital services<sup>3</sup>.

According to Eurofound, back in early 2020, the citizens of the Member States expressed great distrust in the institutions of the Union, as well as in their national executive power representatives<sup>4</sup>, not having high expectations that they would be able to deal with the upcoming problems

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<sup>2</sup> European Union, NextGenerationEU, [https://next-generation-eu.europa.eu/index\\_en](https://next-generation-eu.europa.eu/index_en). (accessed August 15, 2023)

<sup>3</sup> D. Schilirò, *Digital transformation, COVID-19, and the future of work*, *International Journal of Business Management and Economic Research (IJBMER)*, 2021, Vol. 12., p. 8

<sup>4</sup> M. Fana et al., *Employment impact of Covid-19 crisis: from short term effects to long terms prospects*, *Journal of Industrial and Business Economics* (2020) 47:391–410, p. 402

in an appropriate way, because the introduction of fitting economic and epidemiological measures was arbitrarily left to each Member State<sup>5</sup>, letting them deal with it on their own and it showed lack of coordinated efforts on the EU level. Realizing that it was necessary to act quickly with the common goal of mitigating the consequences of the pandemic, the EU leaders started working on a recovery plan for Europe and committed themselves to establishing a recovery fund whose purpose would be to reduce the effects of the inevitable, upcoming crisis and provide support, mainly one of a financial nature, to citizens, companies and Member States on their way to economic recovery<sup>6</sup>.

A €540 billion emergency rescue package was adopted in April 2020, which provided €200 billion in financing for companies<sup>7</sup> and the creation of a new fund of up to €100 billion to support Member States implementing short time working schemes in an effort to safeguard jobs during the pandemic (known as the SURE1 initiative). The flexibility of the use of the Structural Funds has also been increased to allow Member States to transfer money between different funds and regions to ease the impact of the pandemic. Most measures were aimed at supporting businesses to stay afloat, while some of them sought to protect incomes (beyond short-time working) and a smaller number of them focused on the protection of employment (mostly linked to short-time working schemes). Immediate policy attention was therefore directed towards sustaining and enhancing the delivery of essential services, including through the reallocation of workers from other sectors. During the early phase of the pandemic, according to OECD, measures to ensure business continuity by changing work arrangements primarily involved temporary derogations from working time and leave provisions, trying to ensure uninterrupted functioning of healthcare provision.<sup>8</sup>

This was also the case in Croatia, where on March 17, 2020, the Government of the Republic of Croatia adopted a total of 63 measures to help the economy, with the main goal of preserving existing jobs and the uninterrupted continuation of salary payments to those who have stayed in employment. The measures were coordinated with economic associations and unions, as well as with the joint European efforts to

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<sup>5</sup> I. M. Pascu, A. Nunweiler-Balanescu, *Implications of the COVID-19 Pandemic, Europolity: Continuity and Change in European Governance* 14, 2020, no. 2. 39-54, p. 46

<sup>6</sup> European Council, COVID-19 coronavirus pandemic: the EU's response, <https://www.consilium.europa.eu/en/policies/coronavirus/>, (accessed August 15, 2023)

<sup>7</sup> Particularly small and medium enterprises, as those were thought to be at risk the most

<sup>8</sup> Eurofound, *COVID-19: Policy responses across Europe*, Publications Office of the European Union, Luxembourg, 2020, p. 17



combat the economic damages caused by the Covid-19 virus<sup>9</sup>. The haste in which they have been announced was mostly to the public pressure, workers' unions and employers' associations asking for the government to intervene as quickly as possible.

Given that even before the declaration of the epidemic in Croatia, there were grants for preserving jobs, which have only been expanded by a new measure officially named "Grants for preserving jobs in industries affected by the Coronavirus" - this new measure was primarily intended for employers from sectors that were considered to be more affected by the impact of the virus<sup>10</sup>. In March 2020, the amount of support was first determined at €431.35 per month per full-time worker, and in April 2020 the amount was increased to €530.89 per worker, having average monthly salary in mind. Employers who were beneficiaries of another measure provided by the Croatian Employment Service<sup>11</sup>, after the expiry of the period of use of support for job preservation, could continue to use their original measure for the remaining period, meaning that it was not possible to simultaneously combine the support measures with another measure of active labour market policy programme.<sup>12</sup>

In these post-Covid times, most of these measures aren't required anymore and they have been scrapped, not being actively used by the countries, serving their purpose throughout the previous years, yet they helped reshaping the future of work and labour market needs, keeping businesses afloat and workers taken care of financially. In Croatia, they were a part of the active labour market policy scheme up to mid-2022, where some employers continued using them until the end of the year. From 2023 on, the focus should be on the ways in which the world of work could adapt to the new challenges and instead of financing the existing ways and keeping businesses simply afloat, attention should be turned to the way in which new schemes and measures could be introduced and the existing workforce 'revamped', investing into human capital instead.

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<sup>9</sup> Jutarnji list, Analiziramo 63 Vladine mjere za spas ekonomije, <https://novac.jutarnji.hr/novac/aktualno/analiziramo-63-vladine-mjere-za-spas-ekonomije-10104685>, (accessed August 17, 2023)

<sup>10</sup> Godišnjak 2020, Hrvatski zavod za zapošljavanje, Zagreb, 2021, p. 40

<sup>11</sup> Croatian public body, an employment service funded by the government and the body that was responsible for allocating the funds, in further text referred to as CES

<sup>12</sup> Od mjere do karijere, Mjere aktivne politike zapošljavanja, <https://arhiva.mjere.hr/admin/wp-content/uploads/2020/03/IZMJENE-MJERE.HR-26-03-za-web-pdf.pdf> (accessed August 10, 2023)

## 2. Labour Market Challenges in Post-Covid Times

### 2.1. Human Capital Theory and Adult Education

The term “human capital” has been widely introduced in the 1960s, Schultz describing people acquiring useful skills and knowledge as something obvious, yet those counting as a form of a capital as something less obvious, even though this capital is in substantial part a product of deliberate investment, in Western societies growing at much faster rate than conventional capital.<sup>13</sup>

The theory of human capital compares acquired skills and knowledge to other income earning capital, such as monetary deposits in banks or stocks, since all of these are forms of capital in a sense that, over longer periods of time, they yield income and other useful outputs. Instead of physical or financial capital, this form of capital cannot be separated from a person, their knowledge, skills and values remaining closely tied with their owner.<sup>14</sup>

Becker analyses education and training as the most important investments in human capital, relating a person’s level of education with their income, where the earnings of more educated people are almost always above average.<sup>15</sup> Here, the human capital is equal to physical capital since its acquisition implies a cost in present, but brings profit in the future through increased income. Within this theory, education is viewed as an investment activity that contributes to the creation of human capital<sup>16</sup>. Most investments in human capital—such as formal education, on-the-job training, or migration, raise a person’s earnings as they get older, because returns are part of their earnings then, and lower them at younger ages, because costs are deducted from earnings at that time.<sup>17</sup> A healthy labour force is an important determinant of competitiveness and the economy development. We need to create an agile and capable workforce, ready to take risks, able to think independently, process information and solve

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<sup>13</sup> T. Schultz, *Investment in human capital*, *American Economic Review*. Vol 51. 1931, 1–17, p. 1

<sup>14</sup> G. Becker, *Human capital*, The University of Chicago Press, London and Chicago, 1993, pp. 15-16

<sup>15</sup> G. Becker, *Human capital*, *op.cit.*, p.17

<sup>16</sup> M. Bečić, *Značaj obrazovanja na tržištu rada prema ekonomskoj teoriji*, *Ekonomska misao i praksa* (1), 2014, 213-232, p. 215

<sup>17</sup> G. Becker, *Human capital*, *op.cit.* p. 245

problems. Acquiring new knowledge and skills has become a lifetime commitment<sup>18</sup>.

The mismatch between education policy and labour market needs is a structural problem that cannot be solved overnight, and the analysis of Croatian labour markets shows large mismatches between existing market needs and the supply of adequate workforce. As part of the implementation of active employment policy measures, the before mentioned public employment service CES, also deals with analysis, assessments and forecasts of future market needs<sup>19</sup>.

In Croatia, adult education is embedded in the concept of lifelong learning. It can be conducted as formal, non-formal, informal and self-directed learning<sup>20</sup>. The most important steps in the development of the adult education system are the adoption of the Adult Education Strategy in November 2004, the establishment of the Adult Education Agency in May 2006 (becoming Agency for Vocational Education and Training in 2010) and the adoption of the Adult Education Act in February 2007 (and its 2021 revision). By the enactment of the Adult Education Act, the normative framework was established and legal preconditions for the further development of adult education and training as a full-fledged part of the entire Croatian education system were created<sup>21</sup>. Far from it that adult education didn't exist in Croatia before that, but it was an important step towards giving it a legitimate, legal framework. According to the Adult Education Act, the main objectives of adult education are:

- exercising the right to free personality development,
- training for future employability - acquisition of qualifications for the first occupation, retraining, acquisition and deepening of professional knowledge, skills, and competences and
- training for civic participation.<sup>22</sup>

The Adult Education Act recognizes the difference between formal and informal education, defining formal education as programmes

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<sup>18</sup> P. Bejaković, *Uloga obrazovnog sustava u postizanju zapošljivosti i konkurentnosti radne snage u Hrvatskoj, Društvena istraživanja - Časopis za opća društvena pitanja*, 15(83), 2006, 401- 425, p. 406

<sup>19</sup> A. Obadić, *Nezaposlenost mladih i usklađenost obrazovnog sustava s potrebama tržišta rada, Ekonomska misao i praksa* (1), 2017, 129-150, p. 140

<sup>20</sup> European Commission, Eurydice, <https://eurydice.eacea.ec.europa.eu/national-education-systems/croatia/adult-education-and-training> (accessed August 23, 2023)

<sup>21</sup> Agency for Vocational Education and Training, Adult Education, <https://www.asoo.hr/en/education/adult-education/>, (accessed August 28, 2023)

<sup>22</sup> Zakon o obrazovanju odraslih (Adult Education Act), NN 144/2, available at <https://www.zakon.hr/z/384/Zakon-o-obrazovanju-odraslih> (accessed August 15, 2023)

implemented in accredited institutions for adult education (at the elementary, secondary and higher, tertiary education levels). These programmes are approved by the competent state bodies, and upon their completion, recognized certificates or qualifications are obtained, which are evidenced into one's permanent employment record. On the other hand, informal education is a form of education that does not lead to the acquisition of new qualifications, but includes shorter, organized learning processes aimed at training the individual for future work, i.e. improving his personal and professional skills. Both types of education are important for the labour market and ensure the professional and personal development of the individual.

Croatia has a century-old tradition of institutional adult education – with an outline established after World War II, which in the mid-1950s acquired all the characteristics of a system and was incorporated at the local and state level. A great number of adult education institutions exist, such as people's universities, workers' universities, elementary schools for adults, secondary evening schools and two-year evening colleges. Together with a constant improvement of andragogic<sup>23</sup> workers, this has allowed the Croatian education system to become very well developed.<sup>24</sup>

The education system faces low participation of adults in education. In the coming period, it will be necessary to develop skills in the workforce that will enable them to cope with rapid technological, social and economic changes to come, which will be the basis for the long-term competitiveness of the Croatian economy. Lifelong participation rate of adult education for Croatia was 3.5% in 2019, while the EU average was 10.8% in the same year<sup>25</sup>. In order to increase the participation of individuals in adult education, a Strategic Framework for the Promotion of Lifelong Learning in the Republic of Croatia 2017–2021 was prepared. The European Social Fund called for the education of unemployed or marginalised persons, and Youth Guarantee programmes were also used with the same aim. After 2020, the priorities were mostly strengthening the professionalization process in adult education and developing a quality system in adult education. Croatia has been preparing to participate in PIAAC<sup>26</sup> - the OECD's Program for the International Assessment of Adult Competencies, which is the largest and most innovative large-scale

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<sup>23</sup> Learning strategies focused on adults

<sup>24</sup> European Association for the Education of Adults, Country Report on Adult Education in Croatia, Helsinki, 2011, p. 11

<sup>25</sup> Government of the Republic of Croatia, *Nacionalni plan oporavka i otpornosti 2021.-2026.*, Zagreb, 2021, p. 925

<sup>26</sup> The Programme for the International Assessment of Adult Competencies

assessment in the field of adult literacy. Its aim is to provide a comprehensive picture of key skills among the working-age population and to investigate how these skills are used at work and how they change regarding the level of education, training and learning experience of adults, and how the command of skills is related to educational, economic and social outcomes<sup>27</sup>.

## 2.2. Labour Market Analysis in Croatia

Based on The Regulation on Monitoring, Analysis and Forecasting of the Labour Market Needs for Particular Occupations - introduced after the financial crisis in 2010, the CES became responsible for annual analysis and forecasting of labour market needs and development of recommendations for future enrolment policy. The main users of these forecasts were policy makers, education providers and the CES itself. The survey results are used in targeting public active labour market policy programmes and are one of the inputs into the CES's yearly enrolment policy recommendations. The purpose is to identify which adjustments can be made in order to better match skills supply to demand ratio. The survey is conducted in the first quarter of every year and encompasses a relatively high number of employers.<sup>28</sup>

If we analyse data provided by the CES itself<sup>29</sup>, in 2020, this survey was conducted in a slightly different way than in the previous years, instead of doing it by telephone or post, it was done completely electronically and therefore it included only 5,344 employers (in the previous year, the number was 9,245). Total of 71.85% of employers were looking exclusively for domestic workers. When comparing the numbers with the previous year, there were about 28-29% fewer vacancies registered and advertised at CES. Observing the annual change in the reported number of missing domestic workers, according to the areas of activity, the biggest decrease (over 50%) was in public administration, other service activities, accommodation and food preparation and service. In the processing industry and education, the reported number of missing domestic workers didn't decrease, while only health and social welfare increased (19%), which can be interpreted as the result of the pressure on the health

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<sup>27</sup> Agency for Vocational Education and Training, Adult Education, *op.cit.*

<sup>28</sup> Cedefop, Skills anticipation in Croatia, Skills intelligence: data insights, <https://www.cedefop.europa.eu/en/data-insights/skills-anticipation-croatia> (accessed August 28, 2023)

<sup>29</sup> Provided every year in June for the previous year, available on <https://www.hzz.hr/statistika/> (accessed August 28, 2023)

system, but we should not forget the growing problem of the lack of workers in healthcare even before the pandemic started (for comparison, the number of missing workers in health care and social welfare activities was 40% higher in 2019 compared to 2016).

The total estimate of the number of missing domestic workers in 2020 was around 137,000, where close to 25% of the shortage was filled by hiring foreign workers, resulting with around 34,000 of foreigners employed to fill the shortage of domestic workers. The largest number of domestic workers were missing in trades and individual production (about 54,500), service and trade occupations (about 32,200) and in simple occupations (14,200), while in occupations with high qualifications, such as scientists, engineers and experts, the domestic labour market was missing around 11,000 workers.

During 2022, employers reported to CES a total of 256,458 job vacancies, which compared to 2021 results meant 21,239 more workers in demand (9% increase). The biggest demand came from the area of processing industry (36,612 or 14.3%), education (32,861 or 12.8%), wholesale and retail trade (31,011 or 12.1%), accommodation, food preparation and service (30,966 or 12.1%) and health care and social welfare (29,178 or 11.4%). At the same time, five areas of activity recorded a lower number of reported needs for workers compared to 2021, namely: construction (by 12.7%), agriculture, forestry, and fishery (by 12.4%), financial activities and insurance activities (for 11.3%) and accommodation activities, food preparation and serving (by 2.3%).

During 2022, employers were mostly looking for workers from the following occupations: service and trade occupations (58,437 or 22.8%), scientists, engineers and specialists (54,597 or 21.3%), simple professions (52,484 or 20.5%) and professions in crafts and individual production (40,323 or 15.7%). Comparing it to 2021, it has increased the most demand for workers within the categories of administrative officers (by 21.7%) and service and trade occupations (by 20.2%), while the demand within trade occupations decreased and individual production (by 3.3%) and farmers, foresters, fishermen and hunters (by 6.3%).

If we analyse employment data for 2022, while taking into account the level of education of those employed, we can come to a conclusion that the biggest share belonged to those with secondary level of education - including those with completed four-year vocational high school or gymnasium (32.3%) and those with a three-year vocational secondary school and qualified workers (30%). The next group are persons with a higher education level, who have completed college or academy (15.1%) or a first degree of college, professional studies and baccalaureate (9.5%).



This is followed by persons with a lower educational level - with completed elementary school (11.4%) and those who haven't finished elementary education (1.7%). In comparison to the previous year, the number of recorded employment of persons has decreased the most with completed three-year (for 15.6%) and four-year high school (for 14.1%), and the smallest decrease in the number of new employees was achieved in the groups of persons with a university degree and academy and those with no school and incomplete elementary school (8.6% each).<sup>30</sup>

From the aspect of gender, looking at the same survey data provided by the CES, observing the total number of registered new employees in 2022, we can note that there were 73,935 women (60.6%) and 48,091 men (39.4%), with the number of women decreasing by 10.1% and men by 18.4% in comparison with the 2021 data. Most of the newly employed – 104,191 of them (85.4%) had some previous work experience, and 17,835 people (14.6%) were employed for the first time in 2022, having no previous experience. Compared to 2021 the employment of persons with work experience decreased by 13.4% and persons without work experience by 14.8%.

Young people under the age of 29 made up a total of 39.3% of the employments throughout the year 2022. There were also other activities carried out for them, through counselling, information and workshops, as they are easily activated on the labour market, with total number of 36,389 young people entering positive activity (e.g. employment or education) within four months from registering as unemployed.<sup>31</sup>

It is interesting to note that, according to 2021 population census conducted by the Croatian Bureau of Statistics, a continuous growth in number of university graduates was recorded – for example, in 1961 the share of the highly educated population in the total population was only 1.8%, while in 2021 it was 24.1%. In almost all age groups these numbers were dominated by women, except for the age groups over 60, in which there was a higher ratio of men than women. In 2021, the share of those with only elementary education was 20.4% and there was more than half, namely 55.5% of those having their secondary education completed.<sup>32</sup>

An imbalance on the labour market such as this has mostly been attempted to be mended with the use of the active labour market policies, predominantly through adult education and training, as they tend to

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<sup>30</sup> Godišnjak 2021, Hrvatski zavod za zapošljavanje, Zagreb, 2022, p. 21

<sup>31</sup> Godišnjak 2021, *op.cit.*, p. 29

<sup>32</sup> Croatian Bureau of Statistics, Kontinuiran rast udjela visokoobrazovanog stanovništva, <https://dzs.gov.hr/vijesti/kontinuiran-rast-udjela-visokoobrazovanog-stanovnistva/1594> (accessed on March 5, 2024)

change the structure more quickly than what it would take for the secondary and tertiary education systems to change their enrolment quotas and programme organisation, although this should be the main goal when rethinking the county's education strategy long-term, seeing as the workforce is the one that should adapt to the demands of the market.

### *2.3. Active Labour Market Policies in Croatia*

Active labour market policies were initially designed to stimulate the supply of labour and act as shock absorbers for possible wage growth and inflation, while they later mainly became a mean in the fight against unemployment and were aimed at increasing the employability of certain harder-to-employ categories of unemployed persons. They have been applied in developed countries since the great economic crisis of the 1930s and the governments of the countries across Western Europe, after the increased growth in the number of unemployed persons in the 1980s, began introducing special employment programmes, after which in OECD countries mainly encouraged the implementation of active policies to the detriment of passive ones, e.g. cash benefits for the unemployed.

The OECD Database on Labour Market Programmes and the Eurostat Labour Market Policy database define active labour market policies as a differentiation between four types of measures:

1. Labour market training, which can be described as institutional training, on-the-job training, and work experience, with its main objective being upgrading the qualifications, productivity, and employability of the beneficiaries.
2. Private sector incentive programmes, such as various wage subsidies and self-employment grants, which aim at creating incentives to alter the behaviour of both employers and workers.
3. Direct employment programmes in the public sector, comprising the production and provision of public work or other activities that produce public goods and services.
4. Job search assistance, applied through job search courses, clubs, vocational guidance, counselling, monitoring, and sanctions, aimed towards increasing the efficiency of the job matching process.

When classifying labour market programmes this way, it becomes evident that these programmes cannot create new jobs, at least in the short term and not on their own but can offer assistance when combined with other public policies (such as macro-economic policy, industrial policy, and

education policy) in boosting job creation in the medium- and long-term period.<sup>33</sup>

In Croatia, active labour market policies were implemented since before the country regaining its sovereignty from Yugoslavia in 1991.<sup>34</sup> At first, they were educational measures for unemployed people and those with jobs at risk, and later they were expanded to groups in need, such as young people without work experience, war veterans, war victims and members of other harder employable groups.<sup>35</sup> Today, the implementation of active labour market policies in Croatia is based on the Labour Market Act, State Aid Act, and the Government Program of the Republic of Croatia for the period 2020-2024. These policies and measures are aimed at encouraging employment, self-employment, gaining first work experience, activation of the difficult to employ groups, preservation of jobs and remaining in employment, all in harmony with the general goal of increasing the national employment rate.

As of 2022, there was a total of nine measures in use, counting as following:

1. Employment subsidies
2. Internship grants
3. Public service internship grants
4. Training grants
5. Self-employment subsidies
6. Education and training measures
7. Public work
8. Subsidies for preserving jobs
9. Permanent seasonal work

These measures are aimed at specific target groups of unemployed persons and employed persons who are under a threat of losing their jobs, namely: persons who were not employed with a regular salary during the previous 6 months; without completed secondary education; between 15 and 24 years of age; over 50 year olds; people with disabilities; distinct groups of unemployed persons, such as members of the Roma national minority; employers in difficulties with the aim of preserving jobs; returnees from the diaspora, etc.

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<sup>33</sup> T. Bredgaard, *Evaluating What Works for Whom in Active Labour Market Policies*, *European Journal of Social Security*, vol. 17, no. 4, December 2015, pp. 436-452, p. 438

<sup>34</sup> Z. Babić, *Uloga aktivne politike na tržištu rada u Hrvatskoj*, *Financijska teorija i praksa* 27 (4) str. 547.-566., Zagreb, 2003., p. 558

<sup>35</sup> T. Matković, *Politika zapošljavanja i nezaposlenost*, *Socijalna politika Hrvatske*, 2. izdanje, ed. Puljiz V., Pravni fakultet Sveučilišta u Zagrebu, Zagreb, 2019, p. 188

During 2022, the implementation of the measures was within the jurisdiction of CES, covering a total of 56,546 users, which was 16.9% more than the number of participants in 2021, when there were 48,371 of them. Of the total number of beneficiaries of the measures, 25,064 were active users from the previous year, and 31,482 users were newly included during 2022<sup>36</sup>. Of course, we have to take into account that the majority of these measures in 2021 were aimed at preserving jobs and dealing with the aftermath of the pandemic, when in 2022 this number has decreased significantly, leaving space for those measures that have been temporarily suspended, waiting for their use to be resumed after the end of pandemic was declared.

### **3. Education for The Acquisition of Competencies Necessary for Work Through Vouchers – An Active Labour Market Policy**

The before mentioned imbalance between required and available skills could lead to an increase in structural long-term unemployment and create labour force shortage at the same time. Retraining and upgrading is a critical challenge that needs to be addressed in order to align the workers' skills with the demands of the labour market, and provide the employers with quality workforce, strengthening the employability and adaptability of the workforce, encouraging the activation of inactive persons, retention of existing employment and worker mobility - by acquiring new or improving existing competencies<sup>37</sup>.

#### *3.1. NextGenerationEU and the Recovery and Resilience Facility*

NextGenerationEU (NGEU) is an EU economic recovery package which aims to support the EU Member States in their recovery from the effects of the Covid-19 pandemic. Adopted on December 14, 2020, the instrument is worth €750 billion and should run in the time period from 2021 to 2026, tying it to the regular 2021–2027 budget of the EU's Multiannual Financial Framework<sup>38</sup>. This means that, in order to provide the EU with the necessary resources to address the challenges posed by

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<sup>36</sup> Godišnjak 2021, *op.cit.*, pp. 35-36

<sup>37</sup> Government of the Republic of Croatia, *Nacionalni plan oporavka i otpornosti 2021.-2026.*, *op.cit.* 925

<sup>38</sup> European Parliament, Next Generation EU (NGEU) delivery – Sectoral focus, The digital dimension of the National Recovery and Resilience Plans, [https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/733606/EPRS\\_BRI\(2022\)733606\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/733606/EPRS_BRI(2022)733606_EN.pdf) (accessed September 12, 2023)

pandemic, the European Commission is authorised to borrow funds on behalf of the EU on the capital markets up to the amount of €750 billion. The Member States ratified the decision by the end of May 2021, thereby authorizing the Commission to borrow the money on their behalf. The EU will use these funds for the purpose of addressing the consequences of the crisis, via the NGEU recovery programme. While the loans will be repaid by the beneficiary Member States, the European Council agreed that the repayment of the EU debt incurred to finance grants will be covered by gross national income-based contributions by Member States and EU's own resources<sup>39</sup>.

NGEU is to be channelled through seven programmes in the form of loans (€360 billion) and grants (€390 billion). The Recovery and Resilience Facility (RRF) is a temporary instrument that is the centrepiece of NGEU - the EU's plan to emerge stronger and more resilient from the current crisis. Through the Facility, the Commission raises funds by borrowing on the capital markets, which are then available to its Member States, to implement ambitious reforms and investments that:

- make their economies and societies more sustainable, resilient, and prepared for the green and digital transitions, in line with the EU's priorities and
- address the challenges identified in country-specific recommendations under the European Semester framework of economic and social policy coordination.<sup>40</sup>

The RRF is based on Article 175 (third paragraph) of the Treaty on the Functioning of the European Union (TFEU), which states that, if specific actions prove necessary outside the Funds and without prejudice to the measures decided upon within the framework of the other Union policies, such actions may be adopted by the European Parliament and the Council acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social Committee and the Committee of Regions. In line with this article, the Recovery and Resilience Facility is aimed to contribute to improving cohesion, through measures that allow the Member States concerned to recover faster and in a more sustainable manner from the Covid-19 crisis, become more resilient along the way.

The EU recovery plan requires Member States to use at least 20% of the RRF for the digital transition, as the digitization and digital technologies

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<sup>39</sup> K. Bankowski *et al.*, *The macroeconomic impact of the Next Generation EU instrument on the euro area*. *European Central Bank: Occasional Paper Series* 255, 2021, 1 – 23, p. 5

<sup>40</sup> European Commission, *The Recovery and Resilience Facility*, [https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility\\_en](https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility_en) (accessed 25 August 25, 2023)

have already transformed many jobs and will affect the dissonance between supply and demand in the labour market, with the Covid-19 pandemic only accelerating the need for adaptation to new technologies and their application in the business processes. With digital transformation being one of the main priorities of the EU, the European Parliament will help shape policies that will strengthen European capacities in the field of new digital technologies, open up new opportunities for businesses and consumers, support the EU's green transition and achieve climate neutrality by 2050, support citizens' digital skills and worker training, and help in digitization of public services, while ensuring respect for fundamental rights and values.<sup>41</sup>

### *3. 2. The Croatian National Recovery Plan*

Within the RRF, grants in the estimated amount of €6.3 billion will be available to Croatia, including loans in the estimated amount of €3.6 billion, which puts it at the top of the EU Member States in terms of the ratio of available funds and GDP. This unprecedented amount is a unique opportunity that should contribute to the modernization and the growth of the economy and enable the social and balanced development of Croatia. A prerequisite for the use of funds from the RRF is the creation of a National Recovery and Resilience Plan for the time period of 2021-2026 which includes reforms and investments that should be implemented no later than end of August 2026. Considering the needs of the Croatian society and economy, along with planned reform efforts and investment planning, the priority of the government is to fully utilize the available funds to ensure a quick recovery of the national economy while enabling investments in all the significant areas. The Croatian Recovery and Resilience Plan is based on strategic documents, programmes, recommendations, and obligations and as such forms a clear and coherent framework for the implementation of reforms, as well as developmental, social, environmental and all other goals of the government in the current decade. It is aligned with the national strategic development plan documents, as well as with European priorities focused on digital and green transition, which are based on the modernization of the economy and society based on greater investment in innovations and new technologies. These priorities were translated into the framework of the RRF, which determines that at least 20% of the plan's funds should be

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<sup>41</sup> European Parliament, Next Generation EU (NGEU) delivery – Sectoral focus, *op.cit.*



allocated to digital transformation, and 37% funds to the green transition and the fight against climate change.<sup>42</sup>

Croatia's goal is to become a significant factor in the green economy and the introduction of cleaner, cheaper and healthier forms of transport by promoting a safe and sustainable transportation policy. Investments will be made in digital infrastructure and the introduction of digital solutions will be encouraged in the interest of citizens and the Croatian economy, which should contribute to building the digital future of Europe.<sup>43</sup>

In accordance with the RRF, as well as with specific Croatian development needs, The Croatian Recovery and Resilience Plan consists of one initiative (Renovation of buildings, which will be awarded 12% of the allocated funds) and five separate components:

- Economy (54 % of the total funds)
- Public administration, judiciary, and state property (10%)
- Education, science, and research (15%)
- Labour market and social protection (4%)
- Healthcare (5%).<sup>44</sup>

The Recovery and Resilience Plan addresses the Council recommendation to reform education through different measures that increase participation in early childhood education and care and the number of mandatory instruction hours in elementary schools, update school curricula, promote digital skills and modernise higher education. Targeted reforms and investments should improve processes at the CES and help increase participation in the labour market by adopting active labour market policies, establishing vouchers for training and upskilling programmes, and amending the existing labour law. Challenges concerning the Croatian social welfare system are also tackled through measures that would improve the coverage and targeting of, and ensure the adequacy of, social benefits and enable the development of new social services.<sup>45</sup>

The component this paper concerns itself with is the fourth one – labour market and social protection. Its main goal is trying to keep workers in

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<sup>42</sup> Ministry of Justice and Public Administration, National Recovery and Resilience Plan 2021-2026, <https://mpu.gov.hr/national-recovery-and-resilience-plan-2021-2026/25470> (accessed August 27, 2023)

<sup>43</sup> Zelena i digitalna tranzicija, Nacionalna razvojna strategija, <https://hrvatska2030.hr/rs3/>, (accessed 15 September 15, 2023)

<sup>44</sup> Government of the Republic of Croatia, Nacionalni plan oporavka i otpornosti 2021.-2026., *op.cit.*, p. 6

<sup>45</sup> Council of the European Union, Council implementing decision on the approval of the assessment of the recovery and resilience plan for Croatia, <https://data.consilium.europa.eu/doc/document/ST-10687-2021-INIT/en/pdf> (accessed March 5, 2024)

employment, creating adequate conditions for the creation of new jobs and reducing the unemployment rate, as well as improving the social welfare system by reducing the risk of poverty and social exclusion for especially vulnerable groups by implementing employment measures and encouraging lifelong learning in order to adapt to the needs of the labour market.

Within the framework of the National Recovery and Resilience Plan, a system of Education for the acquisition of competencies necessary for work through vouchers was developed, one that should ensure the preconditions and procedures for encouraging lifelong learning and acquiring new skills, with an emphasis on digital and green skills. The acquisition of new skills should enable an increase in employability and provide a better matching of supply and demand on the labour market. It is a CES reform measure of the component "Labor market and social protection" in the National Recovery and Resilience Plan for the period 2021-2026. It is in line with the European Agenda for Skills, the Pact for Skills and supports the European "Reskill and upskill" initiative, as well as the Council's Recommendation on forms of training: new opportunities for adults (Upskilling Pathways). The establishment of the education for work through vouchers was developed in cooperation with the national Ministry of Education and Culture, and is part of the new adult education reform, which also established a new quality evaluation system. The measure is planned to include up to 30,000 people, of which at least 12,000 (40%) are long-term unemployed, inactive, or young people with NEET<sup>46</sup> status.<sup>47</sup>

Investing in upskilling and reskilling measures is crucial to support a fair and resilient recovery from the socio-economic impacts of the Covid-19 pandemic, and to ensure everyone can benefit from the green and digital transitions. Moreover, upskilling and reskilling can play a key role in promoting lifelong learning, addressing skill mismatches and shortages, increasing the productivity of the European labour force, and tackling unemployment. Its importance is pointed out in several key EU policy instruments (e.g., the European Skills Agenda 1 and the European Pillar of Social Rights, and its Action Plan 2), as well as in a number of EU level funding programmes - the European Social Fund Plus (ESF+), the

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<sup>46</sup> Persons no longer in the education system, not working or being trained for work

<sup>47</sup> Government of the Republic of Croatia, Nacionalni plan oporavka i otpornosti 2021.-2026., *op.cit.*, p. 927

Recovery and Resilience Facility (RRF), the Technical Support Instrument (TSI), Erasmus+ 2021- 2027, and the Digital Europe Programme.<sup>48</sup> The decision on the bodies in the National Recovery and Resilience Plan should define the competent authorities and responsibilities for carrying out the tasks in the implementation of the plan, including a central coordinating body under the Ministry of Finance to ensure the implementation and monitoring of the RRF measures, including reforms, while the Implementation Committee will ensure consistency and coherence in the use of EU funds. The Coordinating body for the National Recovery and Resilience Plan shall be established and fully functional, within the Ministry of finance.<sup>49</sup>

### *3.3. About the measure*

The Education for the acquisition of competencies necessary for work through vouchers has been introduced within the before mentioned Adult Education Act and its follow-up, the 2021 revision, where Article 17 defines how formal and informal adult education programmes can be financed through vouchers awarded by the CES as the competent authority in accordance with a special regulation administering compulsory education for access to the labour market for a specific profession.

The target groups are unemployed and employed persons (who can be referred to as jobseekers) that are between the ages of 15 and 65 and have at least completed their elementary education. Being registered in the unemployed persons' registry of the CES is mandatory for all voucher beneficiaries, as defined by the Labour Market Act, which excludes students, pension beneficiaries and public service employees, but what makes it different from other available measures is that an official 'unemployment' status of the person is not necessary. This means that, as long as they are in CES' registry under a 'job seeker' status, a person can apply and become a voucher beneficiary. This includes people in employment, who have often been excluded from these types of

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<sup>48</sup> European Commission, Key funding opportunities for upskilling and reskilling at EU level, <https://pact-for-skills.ec.europa.eu/system/files/2022-09/Key%20funding%20opportunities%20for%20upskilling%20and%20reskilling%20at%20EU%20level.pdf> (accessed August 28, 2023)

<sup>49</sup> European Commission, Proposal for a Council implementing decision on amending Implementing Decision (EU) (ST 10687/21 INIT; ST 10687/21 ADD 1) of 28 July 2021 on the approval of the assessment of the recovery and resilience plan for Croatia, Brussels, 2022, p. 115

measures, as they were usually meant only for the officially unemployed persons, i.e. those not currently in employment.

Education programmes for the acquisition of these competencies can last up to 10 months. The financial amount of the voucher is determined depending on the educational sector or sub-sector which the programme belongs to, the total workload for obtaining the qualification and the hourly schedule of the programme, taking into account the number of hours in the guided learning and teaching process, the number of hours based on work and the number of hours based on independent activities. In the event that the cost of the selected education programme is greater than the amount allocated by the voucher, the difference up to the full amount of the cost of education is covered by the beneficiary. If they are in employment, the employer can back the difference up to the full amount of the education costs. The criteria for allocation of the vouchers are based on the previous education of the applicant and their current workplace and previous work experience, as well as the additional professional interests and their further career development plans (in accordance with the assessment of their professional guidance counsellor at the CES).

The request is submitted through an online platform and the CES is obliged to evaluate the request within 10 days from receiving the application. The beneficiary contacts the education service provider (school or institution) independently and submits an offer for the chosen education programme to CES, submitting the request for the voucher at least 16 days before the start date of the education programme. Their obligations are to regularly attend classes, according to the selected education programme in accordance with the schedule and duration with the acceptable number of absences from classes being determined by the curriculum. The beneficiary is also obliged to upload a certificate of completed education within 15 days from the day of taking the final exam. A request for participation as a service provider can only be submitted by an educational institution that has developed an education programme that are on the list of competencies required for work, determined by the ministry responsible for work. The provider of education services must have a license to work, i.e. to carry out education in accordance with the regulations governing education. Within the voucher system, education programmes of education providers can appear only if they are aligned with the Croatian Qualifications Framework standard. This guarantees education beneficiaries a quality standard for all programmes, and education providers a transparent arrangement - it is enough to harmonize the educational programme with the national standard and it can be

registered in the catalogue of skills and programmes within the voucher system.

Social partners and persons with interest who can propose for the current list of competencies to be amended and supplemented are as following:

1. CES
2. Croatian Chamber of Commerce
3. Croatian Chamber of Crafts
4. Employers' associations or higher-level employers' associations
5. Unions or associations of higher-level unions
6. Providers of adult education services
7. Committee for evaluation of requests for registration of occupational standards or sets of competences in the Croatian Qualifications Framework network
8. Bodies of state administration whose competence is the drafting and/or implementation of regulations concerning mandatory education for access to the labour market for a specific profession
9. Other persons of interest in accordance with the Croatian Qualification Framework.<sup>50</sup>

The Ministry of Labour, Pension System, Family and Social policy, when approving a certain programme, will check how the learning outcomes lead to competencies set out by professional standards.<sup>51</sup> Additionally, by mapping out the skills, the focus will be on the priority skills on the labour market or adult education programmes whose learning outcomes lead to the acquisition of priority skills, with an emphasis on digital and green skills. In addition to the existing Croatian Qualifications Framework Registry, a catalogue of skills, i.e. tools for mapping, will be created immediately existing and necessary skills in the labour market, which will be an integral part of the measure itself.<sup>52</sup>

Every 6 months, CES conducts an audit of the list of programmes and service providers available to beneficiaries for the allocation of vouchers, with only those service providers being registered whose education programme acquires skills for work that are contained in the list maintained by the ministry responsible for work and which comply with

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<sup>50</sup> Pravilnik o kriterijima za odabir kompetencija potrebnih za rad, za odabir pružatelja usluga i za dodjelu vaučera polaznicima formalnog ili neformalnog obrazovanja odraslih, NN 38/2022

<sup>51</sup> Ministry of Labour, *Smjernice za izradu programa neformalnog/formalnog obrazovanja odraslih za stjecanje kompetencija potrebnih za rad*, Pension System, Family and Social policy, Zagreb, 2023, p. 30

<sup>52</sup> Government of the Republic of Croatia, *Nacionalni plan oporavka i otpornosti 2021.-2026.*, *op.cit.*, 926

the conditions for financing through the European structural and investment funds and the RRF. For unemployed persons, CES refunds the costs such as financial assistance for days spent on education, compensation for transportation, medical examination (if it is defined as a condition for enrolment) and the insurance if the beneficiary is not otherwise insured. For other job seekers it covers the insurance if they are not otherwise insured.

CES will pay 50% of the cost of the approved voucher to the education service provider no later than 10 days from the day the programme started, and the remaining 50% within 10 days from the day the education service provider informed CES about the completion of the programme. Financial aid, transportation and insurance costs are paid to the beneficiary at the beginning of each month for the previous month, in proportion to the number of days of attendance in the education programme. After completing the educational program, an evaluation is carried out, which is also regulated by the new proposal of the Adult Education Act. It is precisely the results of the evaluation and quality of educational programs that will be used as an additional element in further selection of eligible programs and institutions and considered when drafting future ones.

To better align with the needs of the labour market and determine the effectiveness of the measures, an external evaluation will be implemented, which will be the basis for further improvement of the voucher system. The implementation of the voucher system is planned for a three-year period, from 2022 to 2026. The methodology for calculating the costs is based on the calculation of the unit cost of the intervention on the basis of the actually spent funds of measures of the active employment policy for education, which is the CES carried out in the previous period. The unit cost for individual education amounts to an average of €1,327.23 per person, and therefore the measure has the capability to cover up to 30,000 people, of which a minimum 12,000 long-term unemployed, inactive, or young people in NEET status<sup>53</sup>. From 1 January to 31 August 2023 there was a total number of 5,269 people included in this measure.<sup>54</sup> Successful implementation of the goals related to the inclusion of members of vulnerable groups in education through the voucher system, requires a targeted and coordinated action towards all interested parties – the

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<sup>53</sup> Government of the Republic of Croatia, Nacionalni plan oporavka i otpornosti 2021.-2026., *op.cit.*, p. 921

<sup>54</sup> Mjesečni statistički bilten XXXVI/2023, Hrvatski zavod za zapošljavanje, [https://www.hzz.hr/app/uploads/2022/09/HZZ-bilten-01\\_2023-2.pdf](https://www.hzz.hr/app/uploads/2022/09/HZZ-bilten-01_2023-2.pdf) (accessed September 22, 2023)



unemployed persons, employers, and educational institutions, as all of their potential suggestions and proposals need to be taken into account when rethinking the future of this measure.

### *3.4. Analysis*

Given that the Education for the acquisition of competencies necessary for work through vouchers has been in use for only little over a year, we cannot yet declare it completely successful or unsuccessful, as its real effects will be visible only in the coming years, when we see how employable and competitive on the labour market the people who have finished the programme, namely former beneficiaries, ended up being, attaining new sets of knowledge and skills and what kind of impact, if any, it had on the national unemployment rates. This analysis is thus from a current perspective, of vouchers as a measure in its early stage.

If going only by the demand, taking it into account as the sole indicator of achievement, the measure could already be deemed successful, since it has generated great public interest since its conception, resulting in media reports that were followed-up by inquiries of the interested parties. Not only from the side of the potential beneficiaries, but from educational institutions and future employers as well. From the very beginning of the introduction of the measure, the Croatian Chamber of Commerce actively participated in the topic and through cooperation with the Ministry of Labour, Pension System, Family and Social Policy, conducted a research among member companies, looking for reported needs of additional skills and knowledge of existing and future employees on the labour market, as a basis and preparation for the introduction of the measure,<sup>55</sup> that was taken into account when drafting the catalogue of available programmes. The goal was to include as many institutions providing adult education as possible, thereby offering diverse programmes for the beneficiaries, as well as to point out to employers the importance of improving the specific knowledge and skills of their workforce, giving the employees added value on the labour market as well as a comparative advantage to the company itself, which would provide employees and employers with additional business opportunities and competitiveness on the labour market.

It was introduced in the moment when the necessity for most of the measures to support workplaces during Covid-19 pandemic ceased, and

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<sup>55</sup> Croatian Chamber of Commerce, Sustav vaučera kao odgovor na neusklađenost vještina radne snage s potrebama gospodarstva, <https://www.hgk.hr/sustav-vaucera-kao-odgovor-na-neuskladenost-vjestina-radne-snage-s-potrebama-gospodarstva> (accessed March 4, 2024)

the need to adapt the workforce to the needs of the labour market arose, going from having measures that mostly focused on preserving existing jobs, to financing those that were supposed to create new, high-quality jobs, but despite of this, it was predominantly meant as a mean for the future, an investment with intention to enhance the workforce, namely its competency and skills.

At a time when a complete and structural reform of the education system would be too complicated to implement in such a short time, and we would have to wait longer for its results, the education of the existing unemployed and employed persons (or as it was earlier mentioned, the “human capital”) is a good investment, especially due to the fact that the funds are provided by the EU and the country doesn’t have to carry out this financially challenging task on its own, without the community support. In the previous financial period, from 2014 to 2020, Croatia has insufficiently used the available funds, and this could be a good opportunity to finally benefit from everything that was offered to it when joining the EU back in 2013.

The ever-growing rise and development of digitalization is also present in the fact that the application and submission of beneficiaries’ applications itself is digitalized, relying on CES’ platform, and individuals are not limited by their place of residence and can also attend online programmes, at a place and time that suits them. Of course, it is debatable if virtual classes and attendance can replace the education in classroom and face to face interaction with the lecturers, but since the pandemic, a lot of changes have been made, heavily encouraging online education and communication, making it a permanent fixture for many. For some professions though, it is beyond necessary to participate in education in person, because it requires practice and use of particular tools or machinery, so those who live in the parts of the country where these programmes are not offered will be unable to participate in the education. Unemployed persons are not the only ones included in the education, as those who are employed can also participate as voucher beneficiaries if they express an interest in a certain programme. The fact that someone is employed often prevents a person from seeking out further education and training, considering that the professional training they receive from their employer is sufficient for the position and the profession in which they are employed. In the education through the vouchers system, it is possible to train for an activity in which a person has had no experience so far, and it is not necessary to work in the sector for which they are being trained, and thus it is possible to expand the knowledge and skills one possesses. The problem here could arise from the fact that someone who is currently

in employment doesn't have to go through the structured professional counselling with the CES expert advisors, as an officially unemployed individual regularly would, so they are free to choose their desired area of education regardless of the labour market necessities and only in regard with their own personal desires and interests. Still, it should be looked upon as a welcome improvement of the existing active labour market policies concerning education, because it expands the circle of participants. People in employment are often discouraged to look for additional education, often due to the widespread misconception that having a secure job means one shouldn't continue to strive to further educate themselves and look for a professional challenge, and sometimes even out of fear that their employer would think they might be leaving their position or the company if they express interest in adult education outside of their chosen profession.

The Croatian society still predominantly believes that a person's education ends with the secondary or tertiary education, disregarding the important role adult education can play in shaping the country's educational structure. With activating the population from the ages of 25 to 65, we significantly widen the bracket of persons included in some form of education or training. Of course, after the end of the education, it is necessary to put in extra effort to maintain the acquired competences, and in that case, it would be preferred to continue a career in the direction for which the individual was educated. Here, in the case of vouchers, a problem could surface if someone completed their education but then later did nothing to offer the acquired knowledge and skills on the labour market, the measure therefore ending with them gaining a certificate or a diploma.

After the completion of the education, it should be looked into the ways in which the CES could be additionally involved into providing support through some other available subsidies and grants from their catalogue of measures, using them as a mean to further upgrade the skills and knowledge existing voucher beneficiaries have acquired. Here, we could eventually connect this measure with those such as self-employment subsidies, where a person wouldn't have to wait to be employed by a company or an individual, as they could instead start the process of self-employment by themselves, using newly obtained skills in the process. Also, potential employees could use employment subsidies for certain workers who have completed the programme, which would often be impossible, because they usually need to possess an official diploma or a certificate to be eligible for such consideration. A person who completed an officially recognized programme, and attains the necessary certificate,

could also be considered for a subsequent subsidy, and thus further continue their professional progress, benefiting both themselves and their employer in the process.

With the voucher system requiring educational institutions to offer various programmes, further developing their catalogues, this could also open the door to regular, unfunded education, popularizing this type of adult education and training among those who might not qualify for the measure itself, but could invest into their future and who might decide to fund their education themselves, as the educational institutions' programmes are public and available to everyone, not only to those who are granted a voucher. Of course, this would demand that their use their own funding, but investing into one's education should be more popularized and widespread, as publicly funded subsidies and grants are not always available, and they often come under certain stipulations.

The policy is currently funded by the EU and its NextGenerationEU instrument, but eventually Croatia should find a way to continue this good practice on its own and fund some of the active labour market policies without the EU incentive, whether in this or some other, transformed manner. Ideally, it would lead into a long-term ability to offer different measures and programmes, drafted with having specific labour market needs in mind and closely monitoring the supply and demand ratio.

Since, upon the completion of the programme each beneficiary participates in a survey, giving their own assessment of the success or lack of it of the measure itself, the current results are saying that 92% of the beneficiaries are satisfied with the measure as a whole package, giving it a total grade 4.62 out of five. 88% of them are satisfied with the acquired skill, 92% are satisfied with the possibilities of advancement in the workplace or finding employment after completing the programme, 88% are satisfied with the quality of the educational programme, 94% have expressed satisfaction with the quality of the classroom and equipment at the education provider and a 92% of the beneficiaries are satisfied with the quality of lecturers<sup>56</sup>. Of course, the beneficiaries' satisfaction gives us only one-sided perspective and the success of the measure cannot be evaluated solely through it, as we still have to wait and see its effect on their later employability and whether the acquired skill was helpful in that regard.

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<sup>56</sup> Vaučeri za obrazovanje, Zadovoljstvo korisnika vaučerima, <https://vauceri.hzz.hr/vauceri-besplatno-stjecanje-vjestina/> (Accessed September 16, 2023)

#### 4. Conclusion

From early 2020, every country offered some sort of job preservation measures, helping both workers and employers in these difficult times. For EU countries, this wouldn't have been made possible without the Union level intervention, providing them with the funds to implement these measures as a part of the active labour market policy schemes. After the pandemic ended, these measures transformed into trying to help the existing workforce adapt to the ever-changing needs of the labour market. In Croatia, Education for the acquisition of competencies necessary for work through vouchers was introduced, the main goal of which is to provide prerequisites and procedures for encouraging lifelong learning and the attainment of new skills, with a particular emphasis on digital and green skills. The acquirement of new skills should facilitate an increase in employability and provide a better match of supply and demand on the labour market. In the coming period, it will be necessary to develop skills that will enable the workforce to cope with the rapid technological, social, and economic changes that are inevitable, and that will be the basis for the long-term competitiveness of the Croatian economy, regarding the Union and the rest of the world.

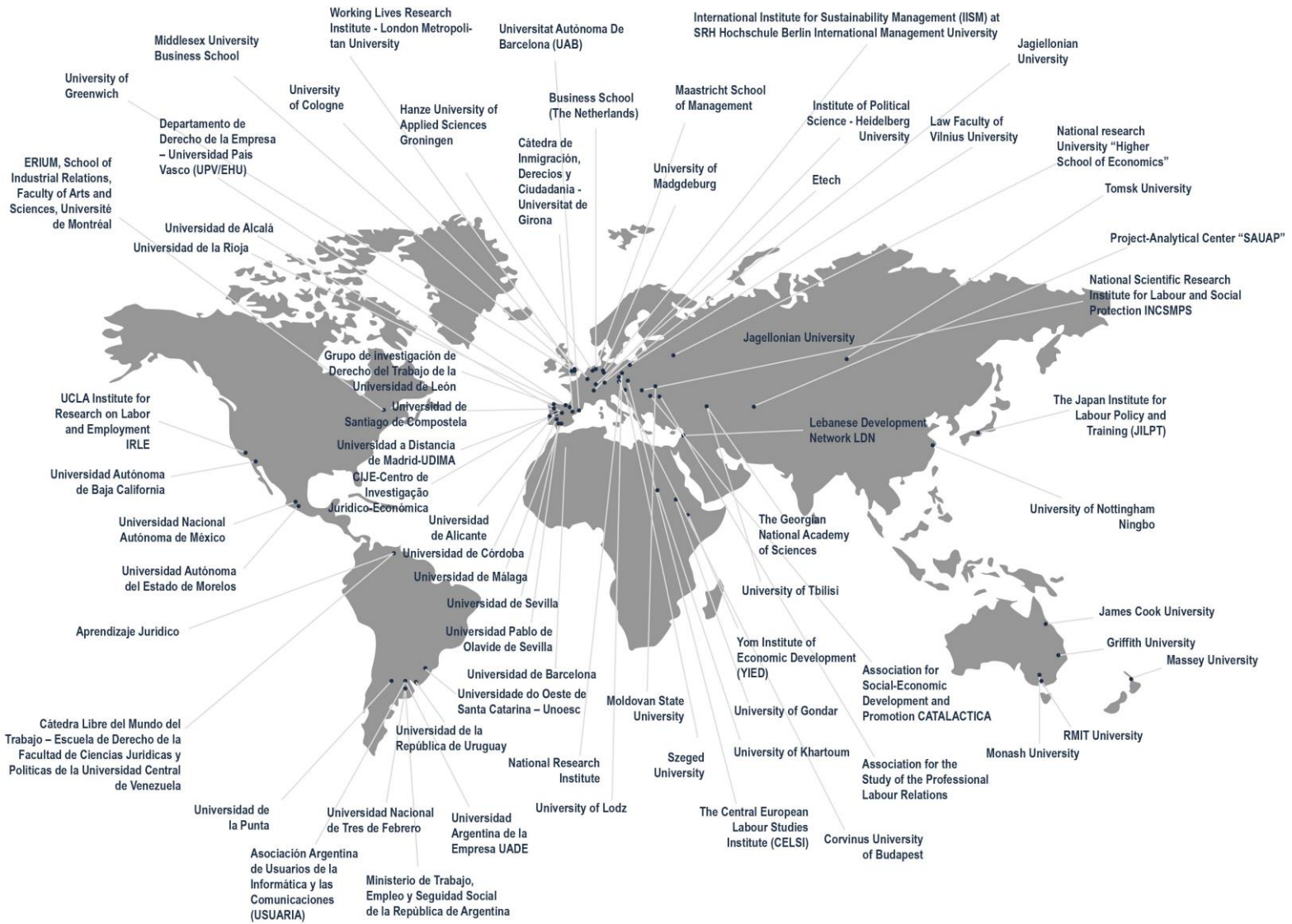
Although investment in adult education is praiseworthy, the existing number of adults in Croatia included in it is way below EU average, which is concerning. The problem that the country is faced with is that it seems as if adult education has been set-up as an answer to a problem that cannot exactly be solved overnight.

Adult education should not be the bearer of changes in the labour market, but only viewed as the additional mean of prequalification of the already existing workforce, which helps individuals maintain existing and acquire new knowledge and skills that help them adapt to the requirements of new technologies and readily face severe changes in the labour market. The main focus should be placed on investing into a thorough education system revision and re-evaluation, changing it from its core - from elementary and secondary educational institutions and universities. Croatia still desperately requires a drastic change in the education system as a whole, if it wants to remain competitive with today's trends in the labour market, investing into its workforce from the beginning, instead of having its citizens continuously educated for professions that are not in such a high demand anymore. Although important part of a county's education system, adult education should not be seen as the basis of education in a society, but only as its supplement, which makes the workforce competitive and in line with the trends, offering additional skills and

knowledge to those who are willing to learn, giving an added value to their “human capital”.



# ADAPT International Network





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