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## Employees older than 50 on Croatian labour market – need for a new approach

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### ABSTRACT

Croatia has reached demographic maturity, with ever lower cohorts of youngsters (and younger labour force numbers), longer life expectations, and rapidly growing share of older population. In such situation, working population older than 50 becomes more and more significant, not only by number, but also as an important pool of knowledge and experiences. 28,36% of total employed in Croatia in 2014 were 50+ years old. That same year (2014) 27,7% of total unemployed in Croatia were 50+ years old. The share of persons 50+ in total number of unemployed grew to 29,6% in 2015, and 31,7% in 2016. Long duration of unemployment is especially accentuated among persons older than 50: in 2016 older persons made 41,91% among those with unemployment duration between 2 and 3 years, 44,00% among those with unemployment duration between 4 and 5 years, 53,23% among those with unemployment duration between 6 and 8 years, and even 70,04% among those with unemployment duration over 8 years. Although Croatian governments for almost quarter of century were devising different “active labour market policies” directed to older persons, their results are questionable. With growing problems to acquire and retain necessary workforce in Croatian enterprises, there is obviously strong need to develop new approach(es) towards people older than 50. This paper is trying to shed new light on this problem and offer new ideas in the field of labour market policies, and human resources management oriented towards older employees in Croatia. The Croatian example (changes, problems, and experiences) may be of interest to other, particularly European, countries in a similar situation.

### KEY WORDS

employees 50+, employment, unemployment, labour market policies, population ageing, age management, human resources management

JEL Code: J1, J2, M54

## 1 DEMOGRAPHIC SITUATION AND TRENDS

Croatia has definitely reached demographic maturity, and as many European countries (Aiyar, Ebeke, & Shao, 2016) entered the phase of demographic decline and significant aging. As can be seen from Table 1, in the last 40 years, major changes have taken place in relation between young and old population cohorts. The share of the young population (below 15 years) has been steadily declining since 1981, and between 1981 and 2011 it dropped from 20.9% to just about 15.2%. On the other hand, in the same period, the number and proportion of the population aged 65 and over, increased steadily - from 9.6% in 1971 to 17.7% in 2011.

Table 1: Changes in the age structure of the Croatian population

	0–14 years		15–64 years		65 and more years	
	number	%	number	%	number	%
1971.	902 789	20.4	3 072 097	69.4	427 058	9.6
1981.	963 700	20.9	3 087 155	67.1	524 264	11.4
1991.	926 179	19.4	3 230 039	67.5	556 040	11.6
2001.	754 634	17.0	2 969 981	66.9	693 540	15.6
2011.	652 428	15.2	2 873 828	67.1	758 633	17.7

Source: Pokos, N., & Peračković, K., (2016), 314.

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Changes in the population stratum between 15 and 64 years were somewhat slower in the observed period, so the share of this group fell only slightly more than 2 percentage points, but the total population between 15 and 64 years has been declining steadily and continuously since 1991.

All this led Croatia to the position of the country with the old population - with an average age of 41.7 according to the 2011 census, the index of ageing reached an index of 115.0 in 2011, and the old age coefficient of 24.1. From the data in Table 1 it could be concluded that Croatia experienced a demographic inflection between 1981 and 1991, although it is clear that the negative trends that led to this turnabout have started much earlier.

In 2011 there were 905 060 inhabitants of Croatia in the age between 50 and 64 years, which means that by 2026, disregarding mortality and emigration balances, there will be 252 632 inhabitants less in the age between 15 and 64 years than there were in 2011. This would further augment the trend of decline of the population in the ages between 15 and 65. Of course, this trend will not stop even after 2026, because the most numerous age groups in Croatia are those who in 2011 were between 45 and 59. As can be seen in Table 2, these age groups are almost 50% bigger than the youngest age groups (between 0 and 14 years).

Table 2: Comparison of age groups

Age group	45-49	50-54	55-59	TOTAL 45-59
<b>number of inhabitants</b>	<b>307 561</b>	<b>320 502</b>	<b>311 818</b>	<b>939 881</b>
Age group	0-4	5-9	10-14	TOTAL 0-14
<b>number of inhabitants</b>	<b>212 709</b>	<b>204 317</b>	<b>235 402</b>	<b>652 428</b>

Source: Data of the Croatian Bureau of Statistics

Such trends in Croatia are bringing, and will increasingly accentuate the problem of the reduction of the population contingent in working age. In addition to the above shown demographic trends, it is important to notice the low rate of activity among the population of Croatia. As shown in Table 3, the share of active population in the total population of Croatia has fallen significantly between 1991 and 2011, and in 2011 it was less than 42%. Just for comparison, in 2011, that rate in the EU 28 countries was on average 46.72%. Or, in 2013, the share of employed in the 55-64 age group was on average 50.2% in the 28 EU countries, while in Croatia this share was only 37.8% (Government of the Republic of Croatia, 2014, p. 10-11).

Table 3: Comparison of total and active population of Croatia

	Total population	Active population	% of total population
<b>1971.</b>	4 169 887	1 819 733	43.6
<b>1981.</b>	4 391 139	1 985 201	45.2
<b>1991.</b>	4 499 049	2 039 833	45.3
<b>2001.</b>	4 437 460	1 952 619	44.0
<b>2011.</b>	4 284 889	1 796 149	41.9

Source: Pokos, N., & Peračković, K. (2016), 308.

While Croatia's basic demographic data are quite comparable to other countries - particularly the Central European countries (e.g. Germany and Poland - see Table 4), what is specific for Croatia is the low rate of population activity, especially in older categories (between 55 and 65), and high proportion of inactive population between the ages of 20 and 65 (Vidović, 2015).

Table 4: Comparison of Croatia, Germany, and Poland

2015 (2014)	Germany	Croatia	Poland
<b>Total population</b>	81 197 537	4 225 316	38 005 614
<b>% of population 50-64 years</b>	22.0 %	21.4 %	21.1 %
<b>% of population 65-79 years</b>	15.4 %	14.2 %	11.4 %
<b>Life expectancy at birth (2014)</b>	81.2 years	77.9 years	77.8 years
<b>% active population (20-65)</b>	78.0 %	60.5 %	67.8 %
<b>% inactive population (20-65)</b>	4.6 %	16.3 %	7.5 %
<b>% active population (55-65)</b>	66.2 %	39.0 %	44.3 %

Source: Eurostat: <http://appsso.eurostat.ec.europa.eu/>

It is obvious that with the reduction of the working contingent of the population (which has already happened and which will happen in the future), with a low and declining activity rate, Croatia is entering into a situation where the problem will be to provide the necessary workforce for normal functioning of the economy, not to speak about bigger developmental steps forward. As in general, labour market participation of older workers is of particular relevance for coping with the challenges of demographic ageing (Bennett, & Möhring, 2015).

Hence, while in the last 25 years the key issue of Croatian labour market was unemployment, in the coming period the problem could be quite the opposite - to provide the necessary workforce. The paradigm of functioning under conditions of high unemployment and (deceiving) availability of young and educated workforce, will need to be changed radically - both at the level of the national economy and at the level of individual economic (and other) subjects. And again, although such trends could have been predicted a long time ago, no one seemed to be ready to believe it. The sobering has been surprisingly abrupt – in the short period of the first half of 2017 (boosted, among other things, by a relatively mild increase in economic activity over the past year and an increasing outflow of labour force after Croatia's accession to the EU) quite strong symptoms of lack of the work force and dramatic reactions of economic subjects (especially in the tourist-hospitality sector) became evident.

However, shock and frustration do not mean yet the way to the solution. Lulled in the model of behaviour in which the main problem is the employment of the unemployed, in which large 'pool' of unemployed and young people who are constantly coming from the process of education can easily and thoroughly fill the needs for work, it has become evident that neither economic actors, nor state policy and agencies are ready to cope with new conditions. They did not realize they had to change thoroughly their approach and behaviour pattern. Towards the end of 2015, a serious and comprehensive study initiated by the Croatian Chamber of Commerce, concluded (Vidović, 2015):

*„The current state of the labour market can be seen as a result of the influence of three key factors:*

- Cyclic weak demand for work*
- High structural unemployment and low labour supply*
- Institutional (regulatory) rigidity that enhances adverse effects of cyclic and structural factors*

*The first, cyclical factors outline the short-term adverse effects of recession on the labour market, second, structural factors, refer to longer-term effects that are not dependent on economic activity, while the third, institutional factor could explain the durability and strength of adverse developments, while because of slow adaptation a simultaneous functioning of a greater number of individual weaknesses and overlapping of the cyclic and structural factors occur.*

*In parallel with this line of considerations, we will consider two further explanations of the difficulties faced by the Croatian labour market, which deserve to be considered. These are:*

- Greater economic context and difficulties in other segments of the economy as an explanation of the majority of unfavourable trends in the labour market*
- High tax burden on labour.“*

Obviously, in this study, the 'backward view' (high unemployment, weak labour demand, poor economic situation ...) and 'look ahead' (weak labour supply, institutional rigidity, high tax burden) are still mixed.

What should, in short, characterize thinking in 'new' circumstances, is the situation (prospects) of work force scarcity, the lack of workforce in the younger age groups, the need to activate all available labour resources, and to keep active and productive those at an older age. Rather than focusing on unemployment, the focus should be shifted to thinking about bigger and more productive employment. Without denying the need to constantly pay attention to the swift and efficient inclusion of young people into the world of work, bigger attention will need to be dedicated at all levels to the work engagement of older groups.

## 2 OLDER EMPLOYEES AT THE LABOUR MARKET IN CROATIA

As in the total population, older age groups are also significantly represented in the labour contingent. This is also not a specificity of Croatia, but the general characteristic and trend of most developed countries. By some projections (Aiyar, Ebeke, & Shao, 2016, 6), by 2035 in most EU countries (including Germany, Italy, Spain, Poland ...), workers aged 55-64 will represent more than 20% of the total number of employees. From 2001, increasing older workers employment rate has been set as one of priorities in the EU, with the main objective of insuring the long-term financial stability of pension systems. A set of measures aiming at increasing the 55-64 years old employment rate and at lengthening working life were launched in a growing number of EU countries (Anxo, Ericson, & Jolivet, 2010).

As can be seen from Table 5, in 2014 28.36% of all employees in Croatia were older than 50. Nevertheless, it is indicative (as already noted) that activity declines rapidly after the age of 55 and 60, largely due to the widespread use of early retirement practice practiced in Croatia over the last 25 years (Bejaković, 2016a).

Table 5: Age structure of employed persons in Croatia (as of 31 March 2014)

	Total	Age										
		up to 18	19-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65 and more
TOTAL	1 007 456	749	37 787	105 645	146 540	150 630	140 784	139 691	135 232	101 708	44 395	4 295
%	100.00	0.07	3.75	10.49	14.55	14.95	13.97	13.87	<b>13.42</b>	<b>10.10</b>	<b>4.41</b>	<b>0.43</b>

Source: Statistički ljetopis (Statistical Yearbook) 2015, Croatian Bureau of Statistics, Zagreb 2015.

However, the share of older than 50 in the number of employees in Croatia was equally matched by the participation of that group in the number of unemployed. That same year (2014) 27.7% of the total number of unemployed in Croatia was older than 50 years. As can be seen in Table 6, this share continued to grow in the following years. In 2015, people over 50 accounted for 29.6% of the total number of unemployed, and in 2016, that number rose up to 31.7%. It is interesting to note that, in parallel with the significant fall in the number of unemployed people after the maximum in 2013, the share of the unemployed older than 50 continued to rise. This trend continues in 2017, so in June 2017, when total unemployment fell to 210 000, even 36.0 % from that number were people older than 50.

All this clearly shows that in Croatia people (unemployed) older than 50 are the most difficult to employ. They obviously find it harder to come to work than the younger categories. In the first half of 2017, people older than 50 made only 15.2% of the number of newly-registered unemployed (2016 and 2014 they made 14%, and 13.5% in 2015), but face perspective to remain much longer in the status of unemployed. This can be clearly seen from the data in Table 7.

Unemployed people older than 50 are over-represented (over 31.7%) exactly in the groups with the unemployment duration of over 2 years. As can be seen from Table 7, in 2016, people over the age of 50 represented

41.9% among those with the unemployment duration of 2 to 3 years, 44.0% among those with the unemployment duration of 4 to 5 years, 53.2% among those with the unemployment duration of 6 to 8 years, and even 70.0% among those who have been unemployed for more than 8 years. Obviously, above-average participation of people over 50 in the total number of unemployed must be attributed primarily to their slower and more difficult employment, that is - to significantly longer period they are remaining unemployed.

Table 6: Unemployment in Croatia

Age	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
15-19	17 854	17 220	16 023	13 860	11 420	13 220	15 811	15 617	17 186	18 140	16 683	14 814	11 913
20-24	46 175	45 140	40 558	33 998	28 416	33 644	40 007	41 078	44 875	47 619	42 593	34 910	27 962
25-29	39 589	39 309	36 649	32 523	28 217	33 743	41 205	41 929	45 445	47 441	43 207	35 001	28 682
30-34	34 096	32 988	30 297	26 856	23 966	27 690	33 675	34 308	37 031	39 361	36 513	30 615	24 813
35-39	35 530	33 719	29 753	26 121	22 974	25 398	29 342	29 936	32 146	35 013	33 440	28 940	24 117
40-44	35 031	33 983	31 457	27 874	24 465	26 841	30 259	29 624	31 009	32 949	31 106	27 409	23 407
45-49	39 430	38 489	35 326	31 156	26 873	28 259	31 588	31 582	33 204	35 584	33 900	29 664	24 717
50-54	<b>37 346</b>	<b>39 997</b>	<b>40 937</b>	<b>39 823</b>	<b>36 955</b>	<b>37 863</b>	<b>39 466</b>	<b>37 430</b>	<b>36 553</b>	<b>37 653</b>	<b>36 380</b>	<b>32 541</b>	<b>28 580</b>
55-59	<b>19 805</b>	<b>22 674</b>	<b>24 971</b>	<b>25 680</b>	<b>26 079</b>	<b>28 146</b>	<b>31 586</b>	<b>33 154</b>	<b>35 057</b>	<b>37 708</b>	<b>39 303</b>	<b>36 334</b>	<b>32 330</b>
60 +	<b>5 019</b>	<b>5 223</b>	<b>5 644</b>	<b>6 555</b>	<b>7 376</b>	<b>8 371</b>	<b>9 486</b>	<b>10 675</b>	<b>11 816</b>	<b>13 644</b>	<b>15 061</b>	<b>15 678</b>	<b>15 818</b>
<b>TOTAL</b>	<b>309 875</b>	<b>308 739</b>	<b>291 616</b>	<b>264 446</b>	<b>236 741</b>	<b>263 174</b>	<b>302 425</b>	<b>305 333</b>	<b>324 323</b>	<b>345 112</b>	<b>328 187</b>	<b>285 906</b>	<b>242 337</b>
<b>% 50+</b>	<b>20.1%</b>	<b>22.0%</b>	<b>24.5%</b>	<b>27.2%</b>	<b>29.7%</b>	<b>28.3%</b>	<b>26.6%</b>	<b>26.6%</b>	<b>25.7%</b>	<b>25.8%</b>	<b>27.7%</b>	<b>29.6%</b>	<b>31.7%</b>

Source: Croatian Employment Agency, Statistics on-line: <http://statistika.hzz.hr/>

Table 7: Unemployment duration

Age	0 - 3 mo.	3 - 6 mo.	6 - 9 mo.	9-12 mo.	1 - 2 y.	2 - 3 y.	3 - 5 y.	5 - 8 y.	8 y. +	2016.	%
15-19	5 110	2 550	1 793	1 005	1 215	189	50	0	0	11 913	4.9%
20-24	9 898	5 812	3 122	1 879	3 652	1 745	1 502	350	2	27 962	11.5%
25-29	10 147	5 906	3 178	1 937	3 456	1 560	1 471	780	247	28 682	11.8%
30-34	6 743	4 164	2 465	1 686	3 667	1 997	2 415	1 111	564	24 813	10.2%
35-39	5 239	3 385	2 109	1 548	3 656	2 333	3 117	1 726	1 004	24 117	10.0%
40-44	4 221	2 879	1 882	1 417	3 448	2 472	3 509	2 068	1 511	23 407	9.7%
45-49	3 754	2 706	1 791	1 388	3 690	2 753	4 108	2 534	1 992	24 717	10.2%
50-54	3 703	2 772	1 940	1 557	4 167	3 474	<b>4 975</b>	<b>3 250</b>	<b>2 743</b>	28 580	11.8%
55-59	3 108	2 475	1 868	1 574	4 513	4 157	<b>5 219</b>	<b>3 978</b>	<b>5 438</b>	32 330	133%
60 +	1 003	862	653	557	1 661	1 785	<b>2 515</b>	<b>2 525</b>	<b>4 257</b>	15 818	6.5%
<b>Total</b>	<b>52 924</b>	<b>33 510</b>	<b>20 800</b>	<b>14 549</b>	<b>33 126</b>	<b>22 465</b>	<b>28 882</b>	<b>18 322</b>	<b>17 759</b>	<b>242 337</b>	<b>100.0%</b>
<b>% 50+</b>	<b>14.8%</b>	<b>18.2%</b>	<b>21.4%</b>	<b>25.3%</b>	<b>31.2%</b>	<b>41.9%</b>	<b>44.0%</b>	<b>53.2%</b>	<b>70.0%</b>	<b>31.7%</b>	

Source: Croatian Employment Agency, Statistics on-line: <http://statistika.hzz.hr/>

**When combining previously presented findings: increasing participation of people older than 50 in total population and active population, low and declining activity rates - especially among older than 55 - 60 year, extremely high participation of people over 50 in the number of unemployed and their very difficult employment, i.e. their long stay in the status of unemployed, it can be concluded or confirmed the conclusion that Croatia is very poorly exploiting its (productive) capacities located among people of the age over 50**

(Bejaković, 2016a). The other side of this medal is the conclusion/fact that there (among the population over 50) lays obviously a source of significant work potential that can and should be increasingly used when the workforce of the younger age becomes scarce. Croatia is obviously already seriously in such a position, but the question is how much Croatia and its economic actors are ready for that.

### 3 MEASURES OF ACTIVE LABOUR MARKET POLICY IN CROATIA

During the past 25 years, Croatian governments have shaped and implemented various measures and package of measures aimed at encouraging employment and generally to improve the situation in the labour market. It should be immediately said that all these measures and programs were inspired by the paradigm of over-supply in the labour market, i.e. high unemployment as the main problem. Within such an approach, an additional emphasis was placed on unemployment and employment of younger, while older people's employment issues generally had received quite little attention.

After the independence, the active labour market policies in Croatia began to be developed and implemented in late 1992 (IPSOS PULS, 2016). In the period between 1993 and 1996, these were primarily aimed at educating unemployed and people in peril to lose working places, and subsidizing employment of better educated young people without work experience, war veterans, victims of war and members of particular hard-to-employ groups.

Over time, measures aimed at education and training are less present because they are pushed out by employment subsidies, and employers have not shown any bigger interest in measures aimed at specific, hard-to-employ groups of unemployed people.

Measures of active employment policy in the Republic of Croatia before 2005 were largely focused on the issues of increasing the level of expertise, knowledge, employability, and adaptability of unemployed and employed persons.

Throughout the period up to 2005, active labour market policies in Croatia were marked by significant discontinuity in terms of resources and leverage of subsidies (as a rule lack and inadequacy of funds), used instruments and measures, and terms and procedures of use. The coverage (mostly of unemployed) was generally small and the results weak (Katić, 2006).

Babić (2003), in one of the few evaluations of the active labour market at the turn of century, concluded that these measures often had a bearing on dead loads (focusing on employees that would have been employed even without financial incentives), and the effects of replacement and squeezing out. The evaluation of the effects of the public works program was, for example, that it did not improve the employability nor the participant's wages after its completion,

In another research (Oračić, 2005), based on multiple regression analysis, the author concludes that the change in employment induced by active employment programs was positively related to the change in overall employment, but this relationship was not statistically significant.

It could be said that there was a unsystematic approach - often insufficiently prepared for launching new programs, engaging significant resources and then cancelling programs, subsidizing employment that did not sufficiently improve knowledge, skills, and qualifications of the unemployed, and therefore, overall, did not help to improve their employability (Katić, 2006). Wage subsidies were a major part of total expenditures for active employment measures, but they were not enough to really influence (change) the trends.

The period from 2005 to 2008 was in Croatia (and in its environment) a period of significant economic prosperity, and the number of unemployed decreased by approximately 23%. Based on the National Employment Action Plan of 2004, annual (or bi-annual) national employment action plans were implemented. The process of Croatia's accession to the EU, which required and supported Croatia to develop strategic documents and programs in the field of active employment policy had a significant positive influence on continuous and systematic work during this period. In this period, measures have started to be more systematically directed to people with a lower level of employability and long-term unemployed (IPSOS PULS, 2016).

In spite of a more systematic approach in this period, the coverage by active employment policy was quite small. As can be seen in Table 8, active employment policy measures involved only 1.75% of the unemployed in 2006, or 3.29% in 2007 and 2008.

Table 8: Coverage by the Active Employment Policy Measures 2006-2008

	2006		2007		2008	
	Number of covered	%	Number of covered	%	Number of covered *	%
Subsidies for young people without working experience	1 024	20.9	1 226	14.4	1 003	13.3
Employment subsidies for long-term unemployed	1 238	25.3	1 693	19.9	1 290	17.1
Employment subsidies for people 50+	579	11.8	837	9.9	706	9.4
Subsidies for employment of special groups	258	5.3	455	5.4	351	4.7
Aid for training and skills improvement	1 348	28.3	3 752	44.1	3 466	46.1
Public works	512	10.5	531	6.3	715	9.5
TOTAL	4 896	100	8 494	100	7 531	100
<i>Coverage of the total number of unemployed</i>	<i>1.75%</i>		<i>3.29%</i>		<i>3.29%</i>	

\* period from 25 march till 31 december 2008

Source: IPSOS PULS, 2016., p. 286-7.

In the period from 2009 to 2014, in the time of the economic crisis, active employment policy programs have been significantly expanded and strengthened (IPSOS PULS, 2016). These include a significantly greater investment in education and retraining of work force, changing the system of unemployment benefits (encouraging the unemployed to participate in education and retraining programs), volunteering and professional training systems for young people, strengthening the capacity of the Employment Service in the development, monitoring and evaluating active employment policy programs. The majority of active employment policy programs/measures taken during the crisis was an extension of what had existed earlier (Matković, Babić, & Vuga, 2012.). The only completely new program introduced in this period was vocational training for work without formal employment (intended for young people without work experience to enable them to acquire concrete work experience and thus to get easier involved in the 'world of work'.) On the other hand, some programs have been completely abolished, precisely the programs of subsidized employment of the unemployed elderly and other vulnerable groups.

In this relatively short period, the number of active employment policy programs increased by more than eight times, from 6 296 participants in 2009 to 56 632 in 2014. The largest increase in the number of users recorded a new program of professional training for work without formal employment (with about 450 users in 2010 to more than 28 000 users in 2014). The number of employment aids has increased by more than five times, and the number of participants in public works has increased by three and a half times (Table 9).

The coverage (rate) of unemployed increased by 5 times in 2014 compared to 2008. However, when looking at the data in Table 6, it is easy to notice that the level of unemployment in this period (measured by number of unemployed and by unemployment rate) was highest in the history of independent Croatia, and that it did not change significantly. Of course, it is hard to argue only based on that, that these measures have not yielded any result, or that without them unemployment would not have been higher. However, one conclusion from this can certainly be drawn, namely that unemployment cannot be successfully tackled by focusing on the unemployed, but that the fundamental problem arises in the area of employment (i.e. economic activity and economic growth), and that there major efforts should also be focused.

Table 9: Total number of persons involved in active employment policy programs for the period 2009-2014

	2009	2010	2011	2012	2013	2014
Employment subsidies	213	2 139	2 707	5 903	9 413	10 847
Self-employment subsidies	298	284	772	1 605	5 737	7 077
Training support	116	614	632	661	337	148
Training and education of the unemployed	3 090	4 566	13 788	5 096	2 132	2 149
Professional training for work without formal employment	-	448	4 760	9 583	19 322	28 039
Public works	1 935	5 037	10 780	17 177	15 405	6 777
Measures to preserve jobs	-	-	533	703	1 310	1 595
TOTAL	6 296	13 088	33 972	40 728	53 656	56 632
Coverage rate (coverage of unemployed) in %	2.49	4.43	11.23	12.65	15.64	17.26

Source: IPSOS PULS, 2016, p. 288.

The analysis of the system and measures of active employment policy in the Republic of Croatia in the period 2006-2013 (IPSOS PULS, 2016, p.292.) produced conclusions:

*"After reviewing and comprehensively assessing the relevance, effectiveness, and results of the Active Employment Policy measures, the need for introducing a new philosophy into the policy of the Croatian labour market is revealed. This implies the development of appropriate preventive and active measures for target groups through multidisciplinary approaches by combining counselling, training and employment programs. The need for flexibility and regional orientation in the planning of Active Employment Policy implementation is emphasized, so that planning of the necessary financial resources takes into account regional differences. Furthermore, the importance of local partnership development for employment related to the Active Employment Policy implementation, decentralization, and the development of absorption capacities has been emphasized. As a final proposal, it is recalled that monitoring and evaluation of Active Employment Policies is an essential tool to raise the level of policy responsiveness but also to improve the performance and quality of implementation of the measures in general, and therefore there is an obvious need for capacity development for monitoring and evaluation."*

By the end of 2014, the Croatian government adopted "DEVELOPMENT AND IMPLEMENTATION GUIDELINES FOR ACTIVE POLICIES OF EMPLOYMENT IN THE REPUBLIC OF CROATIA FOR THE PERIOD 2015-2017" (Government of the Republic of Croatia, 2014). In the analysis of the situation, as the basis of this paper, it is clearly, though rather shyly, identified that demographic changes occurring in the age groups entering and exiting the labour market represent a significant factor and limitation for the change in the number of employed. *"The contingent of older workers will make an increasing share of the population in the coming years, while the absolute number and share of young people will steadily decrease as the smaller generations born in 1990s and 2000s (...) enter labour force"* (Government of the Republic of Croatia, 2014, p. 6). Based on this, it is clearly, though again rather coyly, that: *"It is therefore very important to maintain and increase the work activity of older people, including activation interventions."* Among the 'key challenges in the field of employment for the Republic of Croatia', only two out of nine 'key challenges' are partially mentioning older employees (Government of the Republic of Croatia, 2014, p. 30-31).

It can be said that in these 'guidelines' the approach of developing a wider approach and an integrated model is represented. High emphasis is placed on education and training (in different phases and in different ways) and on counselling and guidance in a wide range of interventions. From its 143 'intervention', 26 are directly related to education and 23 to counselling and guidance. Still, the perspective is largely focused on young people, those who seek employment for the first time or are only in the process of education for first employment (so out of 143 'interventions', young people are explicitly mentioned in 10, and people in the age over 50 only in 5).

Although the period for which this policy document ('guidelines') has been issued has not expired yet, so it is impossible to judge on the success of its realization, it can be argued that the implementation of its measures and 'interventions' was rather uneven (some measures are implemented with a higher intensity than it was planned, and some were much slower). It can be said that the already mentioned labour market turnaround that occurred in Croatia in 2016-17 was only in a smaller part based on the results of the measures and 'interventions' from this program. Indeed, the externally induced turnaround has made some of these measures and 'interventions' unjustified and obsolete, and the program would obviously require a thorough audit, even before the end of the period for which it was intended.



## 4 CONCLUSION – THE CHANGE OF PERSPECTIVE

Although the Croatian governments have been designing and implementing various "active labour market policies" for a quarter of a century, their performance so far has not been great, and their results were most often questionable. Nevertheless, from the above analysis it could be seen that, over time, a more complex approach and a system of active labour market policies has been built up. However, this development has always been focused on youth employment, first employment, the acquisition of first work experiences - in one word - encouraging and facilitating the first inclusion in the 'world of work'. Another important determinant of the current model was that it was primarily oriented towards employment of the unemployed. The primary problem was seen in high unemployment, and the main goal was to reduce unemployment.

It could be said that exactly when a wide range of measures appropriate to such a model and such goals were developed, the labour market situation changed abruptly and significantly. From the situation of the excess labour market offer (a large number of unemployed people and easy access to necessary workforce from the large pool of young, educated and unemployed the need to work) within just one year, the situation has become characterized by a lack of (adequate) supply in the labour market and difficulties in finding and retaining the necessary employees. It finally opened up the awareness that Croatia will have a shortage of labour (for the beginning specifically in some sectors, but in the future it would become general), especially of the young. Therefore, the necessity has come relatively rapidly for a substantial turnaround.

The need for such a turnaround had already been noted in professional and scientific circles (see for example: Bejaković & Mrnjavac (2011)), but the policies and practices of the labour market were not seriously understood and prepared for them. Obviously, the conditions have matured for a new approach to be really understood and accepted. Almost prophetic sound the words "*more intensive turning to older workforce in Croatia can only be expected by 2020*" (Pološki Vokić & Grgurić, 2011).

Bejaković and Mrnjavac emphasized (2011):

*„As important recommendations one could propose:*

- *Further efforts in improvement of both the employability and retention of older workers will have to be enacted, in order to assist in contribution to the sustainability of social security systems, and improve the adequacy of incomes in retirement.*
- *It is necessary to continue shifting the emphasis from passive measures (financial support of the unemployed) to active forms of assistance (training measures and education in accordance with the changing labour market needs), in order to increase the employment of those with a low level of education or those with the knowledge and skills that are not in demand on the labour market.*
- *More attention has to be given to creating conditions for employment of the most endangered and vulnerable groups in the labour market, exposed to accumulated problems and the consequences of social exclusion, whose access to the labour market is consequently specially difficult (such as persons with intellectual and health problems, addicts, victims of violence, former inmates, homeless and similar).*
- *It is crucial to focus ALMP measures on long-term unemployed or groups those are at risk of doing so, instead of targeting almost all unemployed persons. In other words, it is necessary to decrease inflow in the long-term unemployment and to decrease the number of those who are already long-term unemployed.*
- *There is a need to provide intense, individualised mediation and career counselling/guidance services in employment, acquisition of job-search and job-creation skills, and training and education programs.*
- *There is a need to constantly design a development plan for professional rehabilitation, vocational education and training, employment and work of people with disabilities (provide professional rehabilitation, employment and work at open labour market according to individual capabilities and needs, and only exceptionally under special conditions and sheltered enterprises).*
- *The priority in the ALMP area is to develop the "culture of evaluation", in other words of examining impacts of the ALMP measures and avoiding a disorganised approach (such as allocating significant funds and then the implementation of the programmes ceased).*
- *Current links with the services that would support integration and social inclusion of service users such as employment and social welfare are generally weak, and there is a need to strength them."*

In such a situation, employment of young people is no longer a basic problem of the labour market (although this should not by no means mean that it is not necessary to constantly and systematically work harder and better to include young people in the 'world of work'). The core labour market issues in the coming period in Croatia will obviously be:

- retention in the country (and in work engagement) of the young population (below 35);
- efficient inclusion in the work and career development of young employees;
- activating the working capacities of the working inactive population contingent aged between 25 and 65;
- work engagement (employment) of unemployed citizens of older age (50+);
- updating, enlarging, and changing knowledge and qualifications of unemployed citizens of older age (50+);

- retention in the productive engagement of older employees (50+);
- updating, enlarging, and changing the knowledge and qualifications of older employees (50+);
- productive work engagement (employment) of hard-to-employ groups and long-term unemployed;
- extension of work engagement even after obtaining retirement conditions (typically through more flexible models and terms of engagement).

One of the important directions of change in the future period should certainly be a much more active employer engagement (at the institutional level, but even more at the level of each individual enterprise) in attracting and retaining employees - especially older employees. This consequently means a much more active role in the labour market of each individual enterprise, but, more importantly, increased attention and work on the internal labour market, within the enterprise.

Obviously, all this requires developing new approaches both at the level of actors and institutions of the national labour market, and at all lower levels, to the level of human resources management in individual organizations (Gratton & Scott, 2017). It is this lowest level that means (requires) a change in the role and function of the human resources function in enterprises (Pološki Vokić & Grgurić, 2011). Companies will face major challenges in the sense of a declining labour force, and ageing workforce. For Human Resources Management that means that the "war for talents" will develop into a "war for employees" (Perlitz, Schulze, & Wilke, 2010). 'Age management' becomes one of the key human resource management components in the enterprise (Mendryk, 2015). A holistic approach that focuses on the entire working life and on all age groups encompassing all HRM aspects from recruitment over development to employment exit is necessary (Perlitz, Schulze, & Wilke, 2010).

In a situation where in Croatia the human resources function in most companies has not been established (yet) at a satisfactory level, such a shift, i.e. the qualitative change and strengthening of human resources management function role and requirements it is facing, is an additional challenge.

Effective response to these challenges will require the joint and coordinated work of all labour market actors - state and state-level institutions, education system, scientists and labour market and human resources specialists, down to each individual business entity and its management.

This is actually where limits and limitations of this paper lay. The analysis presented in this paper opens two very interesting and important directions for further exploration:

a) changes needed in the 'active labour market policies' have been touched here only by citing some (distinguished) authors, but obviously that would deserve further elaboration and comparative analysis with relevant worldwide experiences;

b) repercussions and changes necessary within the human resources function in enterprises could/should also be further elaborated, both in theoretic and empirical way.

However, these limitations are unavoidable considering limited space in a single article. They just open and leave the space for further research. In the other hand, the principal purpose of this paper was to show and prove the need for new approach(es) towards employees older than 50 on Croatian labour market – which hopefully it has achieved.

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