

**FLEXIBLE DISMISSAL RULES AND
WEAKER SUPPORT TO JOB MOBILITY
LEAD TO HIGH UNEMPLOYMENT
AT THE TIGHT SLOVAK LABOUR MARKET**

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Labour market situation in SK

- **Termination of labour contracts** by employers or employees does **not require authorisation from third parties**.
- If termination is **found ungrounded by the court**, it can result in the **restoration** of the employee at the workplace and payment of the lost wages (**up to 36 months' wages**). The court proceedings can take a considerable amount of **time (several years)**.
- Involuntary termination of contracts is governed by the **same legal regime for both permanent and temporary** contracts.
- Currently there are **no specialized labour courts** or specialized labour senates at the general courts. Authorities intend to introduce certain degree of specialisation in this regard.
- The role of **social partners - obligatory consultation** between employer and trade unions prior to the termination of contract. **Collective agreements** can contain further conditions for contract termination extending the protection of employees beyond the stipulations of the Labour Code.

Assessment of the policy measure

- **Greater flexibility** of the Slovak regulation compared to the Dutch case, **but also a higher burden** in terms of determining the righteousness of the contract termination by the parties.
- The **segmentation of the labour market in SK is not particularly strong**,
 - legal regimes of temporary and permanent labour contracts do not exhibit any important differences
 - length of notice period and the size of severance pay depend on the length of tenure with the current employer rather than on age or cumulative tenure with various employers
- **UB system in SK** much less generous than in NL (maximum period of 6 months with the replacement rate of 50 %).
- **Role of social partners weak in SK:**
 - Consultation with TU, Collective agreement can increase severance pay by 1 month
 - Facilitation of job to job transitions in Slovakia is not viewed by the employers as their responsibility. The responsibility for the transition is left with the employees who can be assisted by the active labour market measures (retraining, start-up, support to mobility, etc.). The lifelong learning system in Slovakia is relatively underdeveloped.

Assessment of transferability

- **Transition allowance in NL is by its character and construction similar to the existing severance pay in Slovakia.** In Slovakia the severance pay is obligatory and covers also persons with shorter tenure. The accrual rate of the Dutch transition allowance is relatively low in comparison with the Slovak severance pay. The fact that the payment is made only upon the end of employment limits the use of the allowance in terms of a proactive approach.
- In SK the role of **social partners** rests in the possibility to grant a higher severance pay via collective agreement (by one monthly salary if the termination of contract is consensual). This can help to reduce the risks of litigation, as some employees that are threatened by dismissal, can opt for consensual termination in order to increase the severance pay.
- Cutting the **maximum duration of unemployment benefit** with the aim to activate the unemployed does not seem to be transferable to SK (already at 6 months).
- **Suitability of job** in Slovakia is determined in the basis of correspondence with the health state of the employee and his/her education or qualifications, or the character of his/her previous work. Taking over the Dutch concept of any job being considered suitable after 6 months does not seem to be plausible for Slovakia where the unemployment benefit scheme is already much less generous than in the Netherlands, yet the long term unemployment is high.
- In SK there is a **possibility to continue receiving unemployment benefit while accepting to work** under atypical type of labour contract with limited hours of work and income threshold. SK regulation is less flexible, as working has a financial benefit only under specific conditions. NL experience may be transferable to Slovakia in order to overcome the disincentive to work in a job that leads to income higher than the threshold.

Summary table for transferability

	NL		SK
Contract termination	Third party authorisation	←	Employer and employee
Allowance upon termination	Transition allowance	↔	severance pay
Max UB duration	36 to 24 m	← ?	6 m
Working while on UB	Flexible formula	→	Fixed ceiling
Role of social partners	Consultation, Collective agreement	↔	Consultation, Collective agreement