STUDENT EMPLOYMENT: CHARACTERISTICS AND EFFECTS OF ITS USE IN CROATIA

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ABSTRACT

The article deals with student term-time employment in Croatia, causes of its growing prevalence, its patterns and legal regulation, and finally its effects on the higher education system and labour market. Overview of the theories on combining work and study singled out few relevant factors determining motivations of students for engaging in term-time employment and employment’s different academic and professional outcomes, mainly related to the massification of higher education phenomenon (higher number of students and their greater diversity, youth unemployment, and questionable college degree relevance). Although conducted on non-systematic data, gathered from previous research of student population in Croatia and EUROSTUDENT international research on the quality of student life, analysis carried out in this article showed the occurrence of higher education massification and its influence on student employment, especially in the fields of social sciences and humanities. Croatian students’ motivations for term-time employment are mainly a wish to improve their living standard and a need for work experience, while their average workload is of low to medium intensity, usually on jobs not at all related to their future profession. Apart from presenting the practice of student work use, this article also gives an overview of its legal regulation in Croatia, and examples of its misuse, i.e., negative implications it may have on student and regular workers.

KEYWORDS

student term-time employment, student work regulation and misuse, massification of higher education, labour market, EUROSTUDENT

CLASSIFICATION

JEL: I23, J21, J22, J23, J24, J41

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INTRODUCTION

Over the past two decades a rapid expansion of higher education student numbers has been evident [1], and given this so called “massification” of higher education, employment during studies has become a common phenomenon worldwide [2, 3].

Most of the publications dealing with student employment focus on students’ academic performance [4, 5] and professional outcomes [5-7] in the context of analysing their employment’s influence on the mentioned. Apart from that, studies which mention or analyse student work do so also in the context of students’ economic and social backgrounds, their equality and possibilities [8].

As it is shown in the works of Roshchin and Rudakov and Neyt et al. [5, 8], those studies are generally based on several key theoretical concepts, such as the transformation from an elite to mass higher education and the change of profile of higher education students [9], the job market signalling theory [10], the human capital theory [11], the theory of the allocation of time [12], and the primary orientation theory [7].

Available literature on student work in Croatia is very scarce and falls mostly in the domains of diversity of higher education students and inequality of life chances research [13-15], with student employment itself, and its potential impact on student success or wellbeing not being the subject of any, let alone systematic and consistent analysis.

The goal of this article is to give a short review of the available literature explaining student employment decisions and its intensity, and to try to connect existing theories to the practice of student employment in Croatia. This will be done firstly by presenting Croatia’s legal framework of student work and available data on its prevalence among student population, and afterwards by summarising the main findings in relation to the key elements of student employment motives and effects set out in the theoretical review. Another goal of the article is to detect and present the problems surrounding this kind of employment, as well as to propose ways for its better implementation and utilisation.

THEORETICAL FRAMEWORK: INCIDENCE AND IMPACT OF TERM-TIME EMPLOYMENT

A global increase in student employment can be explained by the already mentioned massification of higher education which entails a transition from the notion that higher education is something reserved to elites to a mass higher education and the influx of different and more numerous social groups. Apart from the increasingly heterogeneous and numerous student population, massification potentially leads to a “decrease in the quality of education, an increase in government expenditure on education, a disproportionate structural labour market and youth unemployment” [8, 9].

Those structural changes in higher education cause an over-supply of graduates, especially in certain study fields, and an increasingly competitive graduate jobs market [1], where higher education certificates, according to Roshchin and Rudakov, lose their significance, while work experience is becoming another important signal of high productivity [8]. This way term-time employment is becoming “a way for students to gain additional transferable skills (i.e. additional investment in human capital) and distinguish themselves from the ‘mass’” [1]. Many authors mention work experience, paired with college qualifications, as a ‘signal’ of graduate’s quality that can lead to easier attainment of a suitable job [1, 10]. However, graduate employers are still more attracted by graduates’ success in their studies and their
degree work experience, than by graduates’ term-time work experience and volunteer work [1]. That being said, students undertaking a full-time or higher-intensity job (11 hours per week or more) are more likely to be employed after graduating, which can be explained with the potentially positive impact of the newly acquired skills (human capital theory) or of the ‘signal’ of being able to balance significant workload with studying (signalling theory) [1].

Structural changes are also visible on the job market, where a greater deal of combining work and education opportunities occurred due to the development of nonstandard types of employment suitable for students, such as part-time work, flexible working hours employment, remote work, and outsourcing or freelancing possibilities [3, 8].

Perhaps the most prominent focus of student employment research lays in its impact on academic performance of students. Most of the studies or, according to an overview by Neyt et al., exactly 31 out of 48, identified the negative impact of the mentioned, confirming the theory of the allocation of time and the primary orientation theory, also called the zero-Sum theory [5], which to some extent contradicts the human capital theory. Zero-sum theory simply argues that time spent working crowds out the one spent on academic activities (studying, doing homework and attending classes), which consequently worsens academic performance [5, 6, 16].

However, those studies have also shown that the impact of term-time work on academic performance is dependent on its intensity, i.e. weekly working hours. Taking the weekly workload of students into consideration, studies have shown that low or moderate employment intensity have positive effects on students’ academic achievements (or, at least, don’t impact it negatively) but that at a certain point this effect becomes negative [4, 5, 16, 17].

The only problem with that, as it is in the case of student work effect on graduates’ employment, is the definition of the threshold value of high work intensity. While some authors define it as more than 24 or 25 hours per week [4, 5, 8, 16, 17], other thresholds are considerably lower, and range from working more than 8 or 12 hours per week [5].

In regard to student motivations to engage in employment during studies, they are firstly and most obviously related to the financing of their education, especially considering the rising involvement of students from lower-income families in tertiary education or the ones with the lack of family support [16, 17]. Secondly, and, for a great deal of students, the only reason for combining work and education, is paying for social and leisure activities or luxuries [1, 3, 5]. Gaining work experience has proven itself to be less of a frequent reason for engaging in employment, particularly if career related, and, while the majority of students report being employed during studies, few of them perceive it as a form of human capital investment in their future professional development [1].

It is important to emphasise that some authors mention the differences between “advanced economies” and transitional ones regarding the relevance of term-time employment’s and college certification’s ‘signal’ on the job market, and consequently differences in student employment motivations. As already mentioned, in advanced economies, academic excellence is still valuable for employers and work experience is not so important, so financial or leisure motivation prevails among students. On the other hand, transitional economies have been more affected by the negative consequences of the higher education massification, and in turns academic credits lost their significance as relevant job market signals. In those economies, according to the authors, work experience gains in importance for employers and takes first place in students’ motivation for engaging in employment [8].
YOUTH IN CROATIA – HIGHER EDUCATION AND LABOUR MARKET POSITION

Although the general unemployment rate in Croatia is, and has been, the most prominent issue of Croatian economy, young people are those particularly affected by it and those who are rapidly becoming the most vulnerable group on the labour market. In 2016 the youth unemployment rate in Croatia was one of the highest in the European Union and amounting to 31.3%. For the comparison, 2016 average youth unemployment rate in the EU in was 18.7 [18]. Although lower, the unemployment rate of young people with tertiary education in Croatia is fairly high and, amounting to 28.7% in 2016, significantly higher than the 13.8% EU average rate [18].

According to a 2013 study of youth perspective in the period of crisis, two fifths of employed young people do not work in the profession they were educated for [19; p.67], and although those with higher education have a better chance of getting a job in their profession, they don’t seem to be confident in finding a job at all after the graduation, especially those living in cities and older students [19; p.55].

Regardless of that, high youth unemployment rates, especially among the less educated, are a great incentive for college enrolment. As Babić et al. claim, after completing secondary education Croatian youth is not faced with the dilemma of participating in the labour market or attending college, but the dilemma of attending college or being unemployed for a long period of time [20; p.131]. This is connected to youth professional aspirations, which are mostly extrinsically oriented and include higher salary, job security and existence assurance, rather than those intrinsically oriented, such as performing socially relevant work or employment within gained profession [19; p.67].

The massification of higher education is also very present in Croatia - its student population rose by 82% in the period between 1990 and 2005 [20]. This information alone wouldn’t be as problematic, if that expansion wasn’t mainly concentrated in the social sciences and humanities area, non-university courses and among part-time students, i.e. mainly student who are paying tuition fees. Since 2000, subsequently, the proportion of private tuition fees exceeded 20% of the total tertiary education cost, and the publicly financed ones decreased [20; p.125].

According to the data of Ministry of Science and Education, about 65 000 full-time students annually do not have to pay tuition fees, almost 60 000 of them pay a certain amount, and 39 724 of part-time students pay its full amount [21]. In other words, 60% of students pay a tuition fee, which represents a big increase compared to 1993/1994 when the share of those student amounted 12% [15].

Since the scholarship fund is not excessively funded, with less than 7 000 scholarships being awarded by the state and universities [21], a great deal of students depend on their parents’ financial support, as well as student or regular work.

LEGAL FRAMEWORK OF STUDENT EMPLOYMENT IN CROATIA

Student employment in Croatia is legally regulated only in the case of full-time students’ work, and that is done primarily through the Scientific Activity and Higher Education Act, and the Regulation on intermediaries for employment of full-time students, but also by the Pension Insurance Act and the Contributions Act [22]. According to these acts full-time students have the right of employment via student service centres [23; Art.88] which are in charge of keeping a record of its members (full-time students), appropriate processing of the
student job market, calculation and collection of student earnings, required contribution and the mediation fee, and finally paying student earnings free of charge [24; Art.2].

Student employment regulated in this way does not undergo the provisions of the Labour act and represents a special form of work, one not pertaining the employment relationship. The performing of a particular job by a student implies the use of contract for work (service)⁴, or in this case called student contract for work [24; Art.5]. As it will be made clear later, herein lies one of the greatest problems of the student work arrangement, since it has all of the characteristics of an employment relationship, but is not classified as such. The only difference between student’s and regular employment is the duration of it, since student work is usually temporary and of short duration [25; p.11]. In this way, student employment is sort of an exception which is allowed because its current arrangement usually favours students, their parents, student centres and employers [22], as students are their parents’ tax relief, a source of income to student centres and cheap workforce for employers.

Student work regulation and its tax relief system in Croatia can be linked to the one of casual or provisional work in other countries [26]. By employing students, employers don’t have to pay taxes and contributions, only particular and reduced pension and health insurance contributions, and 12 % provision for student service centres. This way, student work contract implies 17.5 % expenditure on the gross amount of the paycheck [27], while, on average, employment contract the same expenditure amounts to 41 % [26; p.100].

The minimum wage of student work is defined in accordance to student centres’ acts and price lists, and it currently, although depending on the type of performed job, amounts to around 15 HRK (2.02 EUR) per hour. According to that, minimum monthly net earnings of students is 2 640 HRK (356,14 EUR), which is similar to the minimum net wage of Croatia [21].

Currently there is no restriction on the maximum weekly working hours, nor is there a maximum annual earnings set for that kind of working arrangement, but there are two limits, according to the Regulation in income tax, which regulate favourable tax provisions of student work. The first limit addresses the tax relief clause and proscribes that students cease being a tax relief for their parents when they earn more than 15 000 HRK (2 023,55 EUR) in a year [28; Art.6]. Another limit deals with non-payment of income tax, which ceases when students exceed an annual income of 60 600 HRK (8 175,14 EUR) working on student contract for work [23; Art.55].

In November 2017 a proposal for the new Student work act has been published, with its main novelties being an introduction of part-time students working via student contracts, and of a general minimum student hourly wage which would be defined in accordance to national minimum wage [21]. The introduction of this law has led to numerous allegations by trade unions, experts and non-governmental organizations, mainly because of the introduction of the two mentioned clauses, but also because of, in their opinion, too lenient penalties for the student contract misuse. It is important to note that the proposed law is not currently being enforced.

INCIDENCE AND PREVALENCE OF STUDENT EMPLOYMENT IN CROATIA

As already mentioned, there are no systematic and longitudinal data on the prevalence of student employment in Croatia, at least not government data made accessible to the public, such as national bureau of statistics, employment service or relevant ministries. But, there are isolated information and small research outputs, gathering which can provide a general insight into the extent of student employment and its key features. This part of the article will therefore firstly present data on the extent of student employment, then gathered insights on
the type of work students are mainly performing, and finally present available data on the character of their employment, including motivation for it, its duration and connectedness with students’ future professions.

According to the Ministry of Science and Education data, in 2014 the number of employed full time students amounted to 75,435, meaning that almost 65% of regular students worked at least once on student contract for work, making a profit of 965,739,398 HRK (129,770,105.24 EUR) [26; p.100], which is a 12,801,40 HRK (1,720,29 EUR) average yearly profit per student. In 2016 those numbers rose and now 84,517 regular students worked on student contracts, making a 1,145,014,967,55 HRK (153,870,566.54 EUR) profit and a personal per student profit of 13,547,75 HRK (1,820,59 EUR) yearly [21]. In 2016 over 68% of full-time students worked for a certain period of time, which indicates the increase in, not just the entire student population, but also in the share of working students. With an average hourly salary of 20 HRK (3.37 EUR) student working on student contract works 677 hours, or 17 weeks in a full-time employment of 40 hour per week (8 hours per day). On a yearly basis, this means that an average student spends 4 months and more working full-time [29]. It should be noted again that the above presented data applies only on full-time students who are able to use student work contracts, not on part-time students, particularly 39,724 of them in 2016 [21]. The number of students in general, and thus the share of working students in Croatia is higher.

A student job listings analysis conducted by Croatian Youth Network in September and October 2017 on 160 listings showed that student work is sought-after in many different sectors, but the ones in which it is the most prominent are phone sales, customer support, trade and secretarial positions [29]. Research on employers attitudes and opinions conducted in 2014 and 2015 on 13,121 employers also mentions some of the sectors where student work is widespread, which include accommodation and food service activities, with one study showing that employers of that sector hire student most frequently with a share of 26.4% [30; p.65]. According to the study based on 16 semi-structured interviews with representatives of Croatian social partners in selected sectors and relevant experts in 2015, big retail centres are also common student employers. There students often have low responsibility assignments and sometimes even work on projects funded by third parties, not the retail companies where they perform the work [31; p.70]. The recent economic crisis impact has led to an increase in use of student contracts for work in many sectors, primarily so in the sector of retail [31; p.85]. Apart from the crisis, other factors can also favour the rise or the fall in the student work use, as for instance did the introduction of the Fiscal system act in the accommodation and food service sector, making informal economy activities more difficult to maintain [31; p.43], so students, seen as a cheap work force, became practical as a black market workers’ replacement.

Since the above mentioned jobs are not particularly concrete and usually imply hiring secondary school graduates on a regular full-time employment contract, employers often seek students with working experience in the required field who are willing to work 40 hours per week [29; p.4] and for a longer period of time, very often for 6 months or a year [22, 29]. Some student job listings require master level students, most often those with technical or business courses, because of their usable knowledge [29] which is a great way for a student to acquire practical knowledge and valuable professional skills, especially given the rather poor use of student practice in general. On the other hand, some employers hire exclusively senior undergraduates (cro. Apsolvent2) because they need a student to work full-time [29].
Although conducted on the whole student population (not only on full-time students able to work on student contracts), data of EUROSTUDENT international research on the quality of student life, will provide some of the insights on student employment patterns in Croatia for the purposes of this article, especially since the majority of respondents (74.4 %) is enrolled in full-time studies [32]. Considering the existing proposal of making the institution of student work available to all students, this survey’s results can be perceived as potential indicators of the future state of some student work aspects in Croatia. EUROSTUDENT survey in Croatia was conducted via online questionnaire on 2 551 students (2 % response rate) in 2013 and 2014. Since all students have been invited to participate in the survey [32], meaning that no sampling method was used during data collection or its preparation for analysis, the below presented survey results should be taken with caution.

As higher education in Croatia is often considered a “full-time” job, it should not come as a surprise that almost half of the respondents (47.5 %) found that working “because I have free time to spend” did not at all apply to their motivations. In counterpart, their motivation to work was mostly based on either funding themselves while studying, or improving their living standard, with 51 % of respondents saying the former option totally applies to their situation, and 41 % totally agreeing with the latter. As expected, socio-economic variables seem to highly moderate students’ motivation to work while enrolled in higher education, with 60 % of students without an HE background working mainly to fund themselves (as opposed to 39 % of those with an HE background), and 77 % of students aged 30 or more working to fund themselves (opposed to 37 % of them aged 22 or younger).

Although maintaining or improving their financial status seemed to be the main motivator in students’ work, both students living with their parents and those who aren’t find their monthly income mainly funded by either family or partners, with at-home students having 66 % of their income funded that way, with their counterparts having 64 % of their income coming from those sources.

Additionally, since, as previously mentioned, student practice, both in and outside of the universities, is often found lacking in the various fields of Croatian higher education, a majority (57 %) of students say that their motivation to work comes totally or mainly from the need to gain some experience in the labour market [32].

Unfortunately, the need to gain some experience in the labour market doesn’t always mean students will get experienced in their future professional fields. On the whole sample, more than half of the respondents (56 %) found that their student work was not at all or only slightly related to their studies, with less than a third of them (32 %) having the luck to work in positions which are closely related to it. Although the situation changes slightly on higher levels of education, with 36 % of students enrolled in their master studies working in fields closely related to their profession, and 31 % of bachelor students doing the same, more than a half of all the student working force found themselves working off-jobs in order to either support themselves or improve their living standard. Although non-university students seemed to have an easier time finding work in their area of studies, with 45 % of them working in closely related professions, such findings should be interpreted carefully, since it could very well mean that they enrolled in complementary studies after finding a profession, in order to improve their positions within the organizations already employing them. Finally, although the EUROSTUDENT data is extremely lacking in the available categories (categorizing students by fields into “humanities” and “engineering”), humanities students do
seem to have a much harder time to find profession-related student work, with less than a fifth of them (19%) working jobs that are closely related to their respective fields [32].

Student respondents, on average, spend less than 10 hours weekly doing paid jobs, with taught studies and personal study time accounting for the rest of their 44 hours per week load. Although indicative, the means of student workload presented in EUROSTUDENT dataset are far from easy to interpret, as the standard deviation on total working hours (including personal study, taught studies and paid jobs) is 19 hours per week, which would have students’ load total range from approximately 20 to 60 hours per week, with such a standard deviation growing on master levels of study. There do seem to be some interpretable variations in a few sub-categories, with master students spending, on average, more time doing paid jobs (13 hour per week) than their bachelor counterparts (9 hours per week), although the difference seems to be accounted for by the reduced load of taught studies on the master levels [32].

Altogether, the EUROSTUDENT data indicate that Croatian students finance their studies mainly through their parents’ support and engage in employment mostly to improve their standard, which is in line with the findings presented in the theoretical review [8, 16, 17]. Naturally, students coming from the lower-income families and older students do so with greater intensity, since the financial support of their parents is lower than the one of younger students coming from higher-income housings.

In addition to that, a great deal of students’ motivation for term-time employment in Croatia is related to their professional aspirations of getting a relevant experience for future degree related work, which can be explained with students’ perception of work experience as a valuable signal to potential employers. This goes in line with the job market signalling theory and the human capital theory, and could, again with a great caution, be interpreted as an indication of the college degree losing its relevance as a job market signal – a result of the negative HE massification influence on transitional economy [8], such as Croatia’s.

The average Croatian student workload of 10 hours per week falls into the category of “low to medium” work intensity and should, according to the theory of the allocation of time and the primary orientation theory, lead to a greater academic success of students [4, 5, 16, 17], but cause no effect on his/her later degree employability [1]. Considering the potential decreasing value of university degrees, and especially of those in social sciences and humanities (highly competitive ones and least likely to facilitate a study-related student job), this kind of work intensity shouldn’t lead to a student’s benefit.

**SHORTCOMINGS OF THE CROATIAN STUDENT EMPLOYMENT SYSTEM**

From the above described legal framework of student work and its patterns of use a few irregularities can be detected. Firstly, student work does not undergo provisions of the Labour act, meaning that student don’t have the same rights and privileges as regular workers which, combined with the feature of relative financial affordability of that kind of work for employers, can lead to exploitation of student workers. Another form of legal misuse refers to a large number of hours and a great income realized by such contracts [16; p.103], since there is no prescribed limit on the two. In addition to this, employers often use student contracts for payment of work performed by a nonstudent [26; p.103].

Secondly, as seen in the overview of student job offers, most of the jobs performed by students do not differ from standard full-time jobs performed by regular workers, which entails two problems: one concerning students themselves, and another regular employees. This way students, as a cheap workforce, can easily replace dismissed or unemployed people,
especially the unskilled ones, as can be seen in the time of crisis [31; p.12] or in periods of
the prohibition of new employment, such as was, for example, the prohibition in public
services and governmental bodies enacted in 2014 [22]. On the other hand, students
employed in trade and services sectors can barely gain any relevant professional experience,
especially if their study areas are not related in any way to the aforementioned sectors, which
is usually the case. The cases when student can profit from their term-time jobs, in a way they
would from the student practice, are rare [29], which leads to a conclusion that the student
contract for work use in its current form mostly serves the needs of employers.

CONCLUSION AND RECOMMENDATIONS

Linking the gathered data on student (self)financing and employment in Croatia with the
findings presented in the theoretical framework lead to a conclusion that the massification of
higher education and its effects are very visible, both in terms of rising government
expenditure on education and youth unemployment, and in terms of students’ main
motivations for engaging in employment. The high rate of youth unemployment and the lack
of possibilities for employment with secondary education attainment in Croatia lead to a
greater inflow of higher education participants. That consequently increased the
unemployment of young people with tertiary education, especially of those with social
sciences or humanities degrees.

Young people, aware of such labour market trends and of numerous student job possibilities,
often prolong their studies in order to keep their student job as long as they can, especially in
their final years of studies. This can lead either to non-graduation or to later degree
employment on the same position of term-time employment, i.e. position not requiring higher
education and not related at all to student’s professional or academic degree. Apart from that,
some of the students attend college only for the possibility to work on student contracts in the
first place, a problem recognized by the Ministry of Science and Education itself [21] and the
one hardly solvable by the proposed changes of the new student employment regulation
mechanism. Introducing the minimum wage of student work and providing the possibility of
that kind of work for all students could potentially lead to its greater misuse, in the ways
described both in this and in the earlier chapter.

A more suitable solution for all the discussed student employment irregularities would be a
better and more widespread use of student practice. Although some students do have to
complete an internship during their formal education, they usually don’t get the opportunity to
improve their knowledge and professional skills or to prove themselves, since their employers
often give them mundane and low priority tasks [33; p.448]. Employers do so because
students are not always available and cannot be employed full time, but also because interns
are not required to stay with the employer upon the completion of internship [33; p.448]. That
way employers could invest time, money and other resources into the professional training of
a student who will after the graduation use is elsewhere. Given reasons are yet another
incentive for the student employment use, especially that of senior students who are available
for higher intensity employment and who already have some usable knowledge and skills so
employer don’t have to invest much in their training.

A simple imposition of the student practice use isn’t the answer to student term-time
employment misuse. Neither is the simple broadening or restricting the possibilities of such
employment. The first step to the improvement of students’ position on the labour market is
to appropriately follow and analyse the patterns of their term-time and graduate employment,
their motivations and academic and professional pathways. Currently there is a serious lack
of the relevant student population data suitable for that kind of analysis.
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REMARKS

1Contract for work, defined by the Civil obligations act [34], as opposed to the standard employment contract, does not imply permanent and continuous execution of certain work, but execution or making of a certain work product [31; p.41]. Working on this kind of contract, as on the student contract for work, is taxed as a second income, meaning it is tax free to a certain extent.

2Apsolvent is a student who attended all of his mandatory courses but hasn’t yet graduated.

3Students with higher education background have parents of which at least one has attained a higher education degree (EUROSTUDENT, 2015).

REFERENCES


