KINSTELLAR

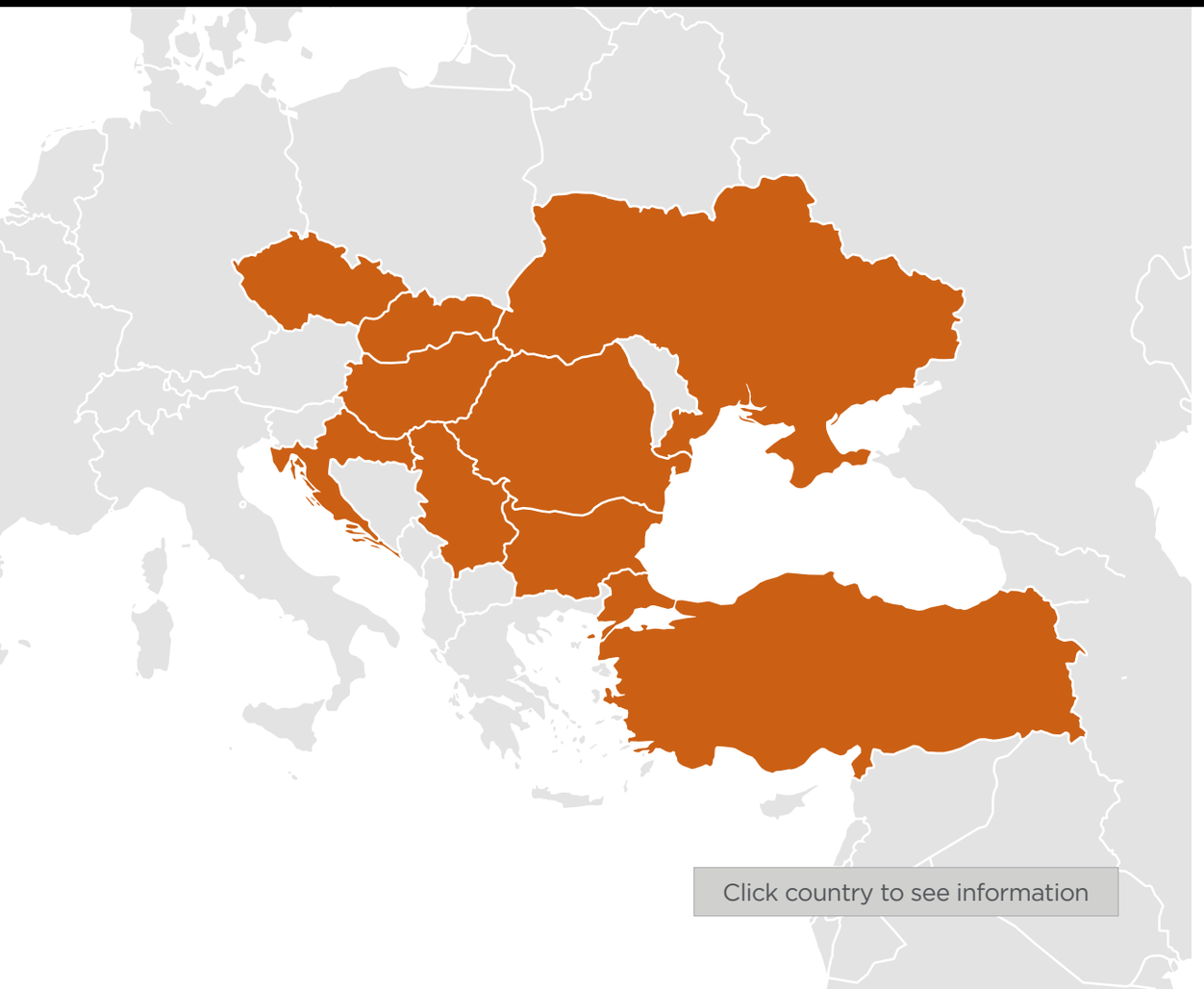
Workforce restructuring in Central, Eastern and Southeastern Europe

Recent economic and regulatory trends such as high inflation rates and the need to transition to a green economy have pressured employers to consider cost-cutting measures. Organisations have various responses with many taking steps to reduce labour costs and/or reallocate resources which may lead to recruitment freezes or even redundancies. These measures come with their legal risks which are greater in some jurisdictions over others.

Although EU legislation sets certain minimum standards for termination of employment and mass lay-offs across all EU Member States, local rules vary widely in terms of timing, costs, employee protection, and litigation risks. In some cases, upskilling or reskilling of employees could be an alternative to lay-offs and could prove to be a better option for adapting the workforce to the new landscape. However, certain legal requirements need to be considered in training contracts which also vary across jurisdictions.

Our map below summarises options for restructuring of personnel and for providing upskilling or reskilling opportunities across a selection of EU and non-EU countries in Central, Eastern and Southeastern Europe.

Bulgaria | Croatia | Czech Republic | Hungary | Romania | Serbia | Slovakia | Turkey | Ukraine



LABOUR LAW ASPECTS THAT NEED TO BE CONSIDERED UPON WORK FORCE RESTRUCTURING

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LABOUR LAW ASPECTS THAT NEED TO BE CONSIDERED UPON WORKFORCE RESTRUCTURING

I. Options for termination of employment due to restructuring or for business reasons

i. Legal grounds

The reasons for termination could be:

- Partial close down could be justified when the activity of an organisational unit of the businesses is about to stop. The closed unit must be relatively independent in the overall structure of the business with its own management.
- Cut-off of positions could be justified when the employer has approved a change of the positions schedule and the number of employees to be employed under each position.
- Actual and continuous decrease of the work volume can substantiate cut-off of positions. Only employees affected by the decreased work volume can be laid off. The termination should take place before the normal work volume resumes.
- Suspension of the work of an undertaking or a department for over 15 days

ii. Main steps of the termination process

Pre-selection procedure

In case of partial closing down of the business undertaking, cut-off of positions or a decrease of the work volume, the employer has the right to carry out a pre-selection procedure. The employer may dismiss employees with lower qualifications and worse performance and choose to keep employees who are better qualified and with better performance.

Termination notices

When partial close down is planned, the employer should pass a resolution of the respective employer's body for closing down the intended unit.

In all cases of termination of employment, the employer should send termination notices to the affected employees. The termination notice period of an indefinite employment agreement is between 30 days to 3 months. The termination notice period under a fixed-term employment agreement is three months.

Timing

The overall process usually takes 1 to 3 months, depending on whether the employer will comply with the notice periods of the affected employees and whether a pre-selection procedure will be triggered.

iii. Employees protected against dismissal

The groups that are under protection in case of employment termination include (among others): (i) mothers of children younger than three years; (ii) employees appointed as employees' representatives; (iii) employees suffering from certain diseases; and (iv) employees on allowed leave (paid, unpaid, sick or other). A prior approval of the Labour Inspectorate is required; the lack of approval is a sufficient ground for the court to repeal the dismissal as unlawful. Stricter rules apply for pregnant women, women in advanced stage of in-vitro treatment and those in maternity leave.

II. Mass lay-offs

i. Triggering mass lay-offs

A mass lay-off is triggered when the following number of people are made redundant within a period of 30 days:

- ten or more employees in undertakings with 20-100 employees;
- at least 10% of the employees in undertakings with 100-300 employees; or
- thirty or more employees in undertakings with more than 300 employees.

ii. Key steps for completing mass lay-offs

If mass lay-offs are planned, the employer has to initiate consultations with the trade unions and the employees representative bodies at least 45 days in advance. The employer must provide all the necessary information to the trade unions or the employees representatives within the same timeframe, but has no obligation to reach an agreement with them. The Employment Agency should be notified within three days after notifying the employee representatives. The lay-off should be completed not earlier than the 30th day after the notification to the Employment Agency.

The overall process of mass lay-offs takes approximately 2-4 months.

III. Employee representative bodies

Trade unions and/or work councils must be involved in the event of mass lay-offs.

There are no specific provisions regarding European Work Councils in the context of restructuring.

IV. Reducing litigation risks

i. Voluntary resignation / Mutual agreement

The employer may offer the employee termination of the employment agreement in exchange for compensation. The employee has seven days to accept; otherwise the offer is deemed rejected. Compensation must amount

to no less than four times the last gross monthly salary received unless a higher amount is agreed. If the compensation is not paid within one month, the termination is deemed cancelled.

ii. Risk of unfair dismissal and useful tips for reducing that risk

The employee can claim in court: annulment of the dismissal; reinstatement; compensation for the time of unemployment; correction of the grounds for dismissal.

Labour disputes should be heard by the district court within three months of filing and by the regional court within one month. The court may annul the dismissal in case no prior consent (where needed) was given by the labour inspectorate or trade union.

It is advisable that employers seek to negotiate mutual termination agreements where possible. These significantly reduce the risks of unfair dismissal claims.

UPSKILLING & RESKILLING AS AN ALTERNATIVE TO LAY-OFFS

I. Working time and salary

If, under an employment agreement, the employer has to procure that the employee maintains and improves their professional qualifications, the training time must be counted as working time. Training should take place during working hours, whenever possible. All costs should be borne by the employer.

The employee has to participate in the training and to make efforts to raise their qualification level in accordance with the nature of the work.

If an employee is absent from work for a prolonged period, the employer must provide all the tools needed for the employee to get up to speed with new developments and attain the appropriate level of qualification.

Employees must receive remuneration not less than 90% of minimum wage during the training period.

II. Specific legal requirements for training contracts

A training agreement obliges the employer to train the employee and the employee to complete the training. It determines, among others, the form, place and duration (not longer than six months) of the training, any compensation due in the event of non-performance, and a period of up to three years during which the employee must remain in employment after the training. The employer has to provide the employee with a job in accordance with the qualifications acquired.

LABOUR LAW ASPECTS THAT NEED TO BE CONSIDERED UPON WORKFORCE RESTRUCTURING

I. Options for termination of employment due to restructuring or for business reasons

i. Legal grounds

The employer can terminate employment on business grounds under regular termination procedure upon the provision of impartial and objective elaboration of the reasons which must be of economic, technological or organisational nature. An employer who terminated employment of an employee through termination on business grounds may not hire another employee for the same jobs for six months from the date of delivery of the decision on the termination of the employment to the employee.

ii. Main steps of the termination process

Pre-selection procedure

If the employer employs more than 20 employees they must take into consideration statutory criteria, as follows: (i) duration of employment, (ii) age, and (iii) maintenance obligations of the employee. Additional selection criteria could be considered, but additional criteria has to be regulated by internal decision of the employer and must be applied to all employees.

The employer must apply the criteria impartially and objectively to all of employees and make a decision on termination in line with the results of the selection process.

Termination notices

When termination on business grounds is required, the employer must deliver a termination notice providing elaboration of grounds for termination.

Employees with duration of employment of more than two years are entitled to severance pay amounting to at least one third of an average monthly salary paid to the employee in the last three months prior to termination, for each year of employment.

Timing

Employment will be terminated upon expiration of termination notice period, which is calculated based on the duration of employment.

The employer must not employ another person for the same work within six months of termination. If the need for that work re-appears within six months from the termination, the employer must offer the employment to the previously terminated employee. If not prescribed otherwise by law, collective agreements, employment agreement or rules of procedure, severance amount must not exceed the amount of a six-month average salary

paid to the employee in the last three months prior to the termination.

iii. Employees protected against dismissal

The groups that are under protection in case of employment termination include: (i) employees using pregnancy/parental/maternity/adoption leave or part time work due to enhanced childcare or care of child with severe developmental disabilities; (ii) employees with temporary inability to work caused by occupational injury/disease.

If the employee's work position becomes redundant during the period of absence, the employer must find them a substitute similar position, with equally favourable work conditions. If such is not available, or if the employee refuses, the employer has the right to terminate the employment agreement. No other specific termination prohibitions protecting employees exist.

II. Mass lay-offs

i. Triggering mass lay-offs

A mass lay-off is triggered when at least 20 employees are made redundant in the course of 90 days, whereas at least five of the employees are terminated on business grounds.

ii. Key steps for completing mass lay-offs

The employer must consult with the work council (if applicable) with the purpose to reach an agreement aiming to eliminate or reduce the need for termination. The employer must inform the work council about the reasons for termination, number and work positions of employees to be terminated, criteria for termination of employees and information regarding severance payments.

The employer must also notify the Croatian Employment Bureau and deliver information that he is obligated to deliver to the works council, as well as inform Croatian Employment Bureau of the results of consultations with works council.

Employment of surplus employees cannot be terminated in the period of 30 days after notifying the Croatian Employment Bureau. The Bureau has the right to request that certain employees remain in employment in the subsequent 30-day period in case the continuation of their employment can be safeguarded.

III. Employee representative bodies

With regards to termination, prior consent of the employee representative bodies is required for the following decisions: termination of employment to a candidate or a member of work council; termination of employment of an employee whose work capacity has been reduced due to an occupational injury/disease or termination of an employee with a disability; termination of employment of an employee who is 60 or over 60 years old (except employee with requirements for pension); termination of employment of the employees' representative in the

employer's bodies; inclusion of employees, which belong in category of employees protected from termination, into the collective redundancy category (except in cases of liquidation of employer.

If no work council exists, its rights and obligations are assumed by the union commissioner.

The employer is obliged to perform annual consultations with European Work Council (if applicable) and to provide timely notifications in the event of special circumstances such as the transfer of (part of) business or economic activity, collective redundancy activities and surplus management.

The employer must consult the work council / union prior to adopting certain decisions, as regulated by labour legislation. The work council can object decisions of the employee within eight days from receipt of information on the plan. If the work council objects a decision on termination of employment, the employer has the right to seek, within 15 days, a decision by the court.

IV. Reducing litigation risks

i. Voluntary resignation / mutual agreement

A mutual termination agreement could in effect be a form of voluntary resignation. Any agreements in respect to bonus, compensation, etc. can be determined between the employer and the employee only within a mutual termination agreement. Other than written form, no specific mandatory requirements are envisioned for this type of agreement.

ii. Risk of unfair dismissal and useful tips for reducing that risk

In case unfair dismissal is suspected, the employee must deliver to the employer his request for protection of rights within 15 days from the termination notice. If there is no reaction by the employer within 15 days, the employee has the right to file a claim within the next 15 days before the court to declare the termination as unlawful, seek compensation and request reinstatement.

Although Croatian legislation defines labour dispute as a category of urgent proceedings, in practice these proceedings can last for several years.

The following tips may be useful to reduce the risks of unfair dismissal:

- Conclude a mutual termination agreement offering a favourable severance pay;
- Duly elaborate the reasons for termination on business grounds in the termination notices, and to comply with all mandatory and voluntary selection requirements;
- Note that employees on a fixed-term contract can be terminated upon expiration of the fixed term without risk for qualification as unfair dismissal.

UPSKILLING & RESKILLING AS AN ALTERNATIVE TO LAY-OFFS

I. Working time and salary

Provided that the training is organised by the employer and is mandatory for the employees, training is considered as part of the working time.

Employees are entitled to compensation of salary which in practice does not differ from the regular salary.

The employer is under no obligation to offer any training to employees on long term leave. Upon their return, these employees have the right to any training that is required to get up to speed with new aspects of work, as well as to all the trainings provided in their absence.

Employees that suffered occupational injury or disease have priority in professional training and education organised by the employer.

II. Specific legal requirements for training contracts

Training contracts may specify the period in which the employee is obliged to remain in employment after completion of the training (it is advisable to limit such obligation to two years). If, within this period, the employee resigns or is dismissed in a form of an extraordinary dismissal or due to violation of employment obligations, they might be obliged to repay the costs of training. This obligation could be arranged in a mutual termination agreement as well.

LABOUR LAW ASPECTS THAT NEED TO BE CONSIDERED UPON WORKFORCE RESTRUCTURING

I. Options for termination of employment due to restructuring or for business reasons

i. Legal grounds

The employer may terminate employment due to organisational reasons covering restructuring or other business reasons:

- Winding up of business activities (or part of it)
- Relocation of the employer (or part of it)
- Redundancy of certain position as a result of change in business or commercial objectives. This can be used in the event of planned restructuring, position cut offs, etc.

ii. Main steps of the termination process

Pre-selection procedure

The selection of the employees to be terminated is within the sole discretion of the employer.

Termination notices

The following steps need to be observed:

- The employer should decide on the organisational change and the date from which it comes into effect
- The employer should determine the employees to be terminated and should then serve termination notices
- The employees being terminated are entitled to a severance pay in the amount depending on the length of their employment.

Timing

As a general rule, the organisational change effective date should occur before the expiration of the notice period or as at the same date. The minimum notice period is two months.

iii. Employees protected against dismissal

The groups that are under protection in case of employment termination include employees who are pregnant, on maternity or parental leave, on sickness leave, who permanently care for a child younger than three years or who are on military or civil service.

A dismissal of a trade union officer is possible only if the trade union gives its consent or does not refuse in writing within 15 days from the day on which the employer has asked for it.

CZECH REPUBLIC (cont.)

The prohibition on serving notices to these groups does not apply if the employer (or a part of it) winds up or relocates its business activities.

II. Mass lay-offs

i. Triggering mass lay-offs

A mass lay-off is triggered when the following number of people are made redundant within a period of 30 days:

- ten or more employees in undertakings with 20-100 employees;
- at least 10% of the employees in undertakings with 100-300 employees; or
- thirty or more employees in undertakings with more than 300 employees

ii. Key steps for completing mass lay-offs

- The employer should inform and start consultations with the work council / union at least 30 days before giving notice to individual employees with the goal to eliminate or reduce the need for termination. Failure to reach an agreement does not prevent any mass lay-offs. If no representative body exist, the employer is still required to seek ways to avoid dismissal or mitigate the negative consequences with respect to each employee.
- The employer should inform a competent Labour Office twice: prior to consultations and after they have been finalized and should provide information on the outcome in a written report.
- The termination of employment can take place no earlier than 30 days following the submission of the report to the Labour Office.

III. Employee representative bodies

Work councils / unions must be consulted in advance of any mass lay-offs or individual terminations. A breach of this obligation does not render the dismissal invalid, but may result in a fine of up approx. EUR 80,000 by the Labour Inspectorate.

When negotiating with the employee representative bodies, the employer is advised to seek various measures to avoid the collective dismissal or mitigate the negative consequences for the employees by, for example, exploring the possibility of employment in other suitable positions at the company.

IV. Reducing litigation risks

i. Voluntary resignation / mutual agreement

The most recommendable way of employment termination is a mutual termination agreement which often includes a special bonus or increased severance pay. It is very unlikely that it will be challenged by the terminated

employee. No specific mandatory requirements are envisioned for this type of agreement.

ii. Risk of unfair dismissal and useful tips for reducing that risk

In case unfair dismissal is suspected, the employee should inform the employer that they insist on further employment and can challenge the validity of the dismissal in court within two months after the date of employment termination. If the employer does not allow the employee to work and loses the court case, the employee would be entitled to all lost salary during the court proceedings and must be reinstated at the employer.

Such cases are decided rather quickly, but it still can take a year or two. In most of the cases the parties enter into some kind of settlement.

The following tips may be useful to reduce the risks of unfair dismissal:

- Sufficiently substantiate the termination notice with detailed reasoning for the decision
- If the termination notice is served due to redundancy, the respective position must be cancelled or kept unoccupied for (at least) six months

UPSKILLING & RESKILLING AS AN ALTERNATIVE TO LAY-OFFS

I. Working time and salary

The reskilling or upskilling of employees is considered as part of the working time and the employees are entitled to salary for the time spent on the training.

To be on the safe side, the employer should offer such training also to employees on long term leaves. It is not considered discriminatory if the training is offered only after their return to work.

II. Specific legal requirements for training contracts

Reskilling

Reskilling is carried out based on a written agreement with the employee identifying the work activity for which the employee is reskilled. The Labour Office may also conclude a reskilling agreement with the employer as a result of which the employer may be eligible for reimbursed of some additional costs.

Upskilling

Upskilling is carried out based on a written agreement with the employee stating the employer's obligation to allow the employee to upgrade their qualification. The employee is required to remain in employment for an agreed period (not longer than five years) or otherwise reimburse the costs related to the qualification upgrade.

LABOUR LAW ASPECTS THAT NEED TO BE CONSIDERED UPON WORKFORCE RESTRUCTURING

I. Options for termination of employment due to restructuring or for business reasons

i. Legal grounds

The employer may terminate employment due to "reasons related to the employer's operation":

- restructuring (e.g., terminating positions, closing down part of the employer's enterprise);
- redundancies (reducing the number of employees with the same position);
- quality change (replacement of an employee to improve the quality of work).

ii. Main steps of the termination process

Pre-selection procedure

The employer can freely decide whose employment relationship will be terminated, however, the principle of equal treatment has to be observed.

Termination notices

The following steps need to be observed:

- After selecting the employees that need to be terminated, the employer should serve termination notices
- The notice must indicate the reason for termination, but there is no need to explain why that particular employee is being dismissed
- The termination notice becomes effective as soon as it is served to the employee and it may be withdrawn only upon the employee's consent. It must also be considered served if the employee refuses to receive it or intentionally prevents delivery

iii. Employees protected against dismissal

The groups that are under protection in case of employment termination include employees who are pregnant, on maternity, paternity or parental leave or unpaid leave to take care of a child, on carer's leave, undergoing treatment for human reproduction, and those doing voluntary army service. These employees may only be dismissed by mutual termination agreement.

A termination notice cannot be served during the period in which an employee is unable to work due to illness or due to nursing a sick child or is in unpaid leave for caring for a close relative. The employment relationship of such employees can be terminated by mutual agreement with any date.

The president of a work council, work safety representatives, and trade union representatives can only be dismissed by notice with the prior consent of the relevant employee representative body. To terminate this category of employees with mutual termination agreement, the consent of the relevant representative body is not required.

There also additional requirements for ending the employment relationship with employees eligible to retirement pension within five years and with single parents of children below 3 years old who did not take parental leave.

II. Mass lay-offs

i. Triggering mass lay-offs

A mass lay-off is triggered when the following number of people are made redundant within a period of 30 days:

- ten or more employees in undertakings with 20-99 employees;
- at least 10% of the employees in undertakings with 100-299 employees; or
- thirty or more employees in undertakings with 300 or more employees.

ii. Key steps for completing mass lay-offs

- The employer should inform the works council (if present) on the planned lay-off and start consultations within seven days. Simultaneously, the employer should notify the government employment agency
- The employer should consult with the works council until an agreement is reached or until the expiration of 15-day period
- The employer should inform the government employment agency and the affected employees of its final decision at least thirty days prior to serving the termination notices
- The employer should serve the termination notices not earlier than thirty days of that notification. The actual date of termination depends on the notice period applicable to the employee.

If a works council operates at the company, the whole process takes at least 52 days. In the absence of a works council, it takes approximately 31 days.

III. Employee representative bodies

In all restructuring scenarios, employers are obliged to consult the works council at least 15 days prior to passing a decision affecting the employment of a large number of employees.

If case of a mass lay-off, the works council should be notified on the reasons for the lay-offs, number and categories of employees to be dismissed and their selection criteria, overall headcount, period and timetable for implementation, and the conditions for and benefits of the termination of the employment contracts.

If the mass lay-off is transnational, the central management shall inform the European Works Council in due course. The European Works Council can request a meeting with the central management of the company on the basis of a report drawn up by the management. The European Works Council is entitled to an opinion at the end of the meeting or within a reasonable time.

Trade unions should only be involved if they request to be involved, or the collective bargaining agreement applicable to the employee specifically provides so.

It is always recommended to cooperate with the eemployee representative bodies to avoid the risk of strikes. While failure to initiate a mandatory consultation with the trade union or works council will not invalidate a decision taken by the employer, the representative bodies may start a lawsuit claiming violation of the applicable rules. They cannot, however, ask for invalidation of the decision and nor can employees.

IV. Reducing litigation risks

i. Voluntary resignation / mutual agreement

While there is no specific provision prohibiting the practice of voluntary resignation, it is highly likely that the employees concerned could successfully challenge their resignation on the grounds that such practice is immoral and against the prohibition of abuse of rights. The court might consider the resignation null and void or might reclassify the resignation to a mutual termination agreement initiated by the employer.

Entering into a mutual termination is the most flexible method of termination where all terms and conditions of the termination are freely negotiated and agreed by the parties. This method is the preferred solution in case terminations that could entail legal risks. The agreement may contain a waiver in respect of any claims the employee may have against the employer. Usually, employees sign a mutual termination agreement only if they receive an additional payment, given that there is no actual downside of taking over a termination notice. The employer must provide reasonable time to the employee to consider signing of the agreement, as otherwise the employee may later challenge its validity.

ii. Risk of unfair dismissal and useful tips for reducing that risk

In case of unfair dismissal, the employer should compensate the employee for damages such as loss of income. Employees are obliged to mitigate their damages by, for example, looking for a new job; this obligation is taken into consideration by courts when determining the compensation payable by the employer. Employees may also claim unpaid severance pay.

Employees also have the right to ask to be reinstated at their position if (i) the termination violated the principle of equal treatment or the prohibition of abuse of rights; (ii) the employee is from a protected group or an employee representative (without the required prior consent); or (iii) the employee has successfully challenged the mutual agreement. If the employee is successfully reinstated, the time between termination and the day of reinstatement

should be regarded as time spent in employment and the employee should be compensated for any losses.

The following tips may be useful to reduce the risks of unfair dismissal:

- Enter into mutual termination agreements.
- In case unilateral termination notices are used, take utmost care of their reasoning from the perspective of lawfulness. The reasons should be authentic, clear and causal. In case the employee challenges the reasons, the burden of proof lies with the employer. If the employer can prove the reasoning and the fulfilment of all requirements, the termination is unlikely to be successfully challenged.
- In case of terminations for business reasons, provide only a brief reasoning, without demonstrating expediency and economic rationality of the given business reason. The court practice does not need a formal written decision on reorganisation to justify the validity of an employer's decision.

UPSKILLING & RESKILLING AS AN ALTERNATIVE TO LAY-OFFS

I. Working time and salary

If training is compulsory, the period of training is considered as part of working time; in case of voluntary trainings, it is generally not considered part of the working time. Assuming that the employees concerned may only keep their jobs if they participate in the upskilling or reskilling training, it is likely that the participation in the training would be considered compulsory and thus, as working time.

If the training is compulsory, employees are entitled to 'absentee fee' while on training, calculated based on wage and certain wage supplements.

The employer is not obliged to offer any training to employees on long term leaves. Upon their return to work, however, it is recommended that the employer offer such training to comply with the equal treatment requirement.

II. Specific legal requirements for training contracts

The employer may enter into a study contract with the employee which obliges the employee to refrain from terminating his/her employment following the completion of studies for a period of maximum five years.

In case the employee breaches the contract, or his/her employment is terminated due to employee's conduct, the employer has the right to withdraw from the contract and demand repayment of the study costs.

Studying contracts cannot be concluded for training in which participation is compulsory.

LABOUR LAW ASPECTS THAT NEED TO BE CONSIDERED UPON WORKFORCE RESTRUCTURING

I. Options for termination of employment due to restructuring or for business reasons

i. Legal grounds

Employees may be dismissed due to a decision to eliminate the position for serios and real economic reasons or closing down. If it comes to litigation, the courts may require evidence of the economic/business grounds and that the position is no longer needed and is removed from the organisational chart. Special documentation is also required to supplement the decision to eliminate certain positions.

ii. Main steps of the termination process

Pre-selection procedure

A selection procedure is required and a rationale for the post reduction.

Termination notices

The following steps need to be observed:

- The employer should draw up a business plan justifying the need for termination which must be approved by the relevant corporate body (usually the shareholders)
- The employer's director should issue a decision implementing the approval and notifies the employee
- The termination notice must include the reasons for the post reduction

Timing

Usually, such procedure may take minimum 30 days.

iii. Employees protected against dismissal

The groups that are under protection in case of employment termination include employees during the period of temporary incapacity for work, pregnancy, maternity/parental leave, childcare leave, rest leave, or carers' leave, or absence from work caused by a family emergency.

Protected employees can be dismissed in the event of judicial reorganisation, bankruptcy or dissolution of the employer.

II. Mass lay-offs

i. Triggering mass lay-offs

A mass lay-off is triggered when the following number of people are made redundant within a period of 30 days:

- ten or more employees in undertakings with 20-100 employees;
- at least 10% of the employees in undertakings with 100-300 employees; or
- thirty or more employees in undertakings with more than 300 employees.

ii. Key steps for completing mass lay-offs

- The employer draws up a business plan justifying the need for lay-offs
- The employer starts a consultation process with the representative body in order to find ways and means to avoid redundancy for as many employees as possible or to mitigate the consequences of the redundancies by means such as retraining of employees
- In parallel, the employer notifies the labour inspectorate and the employment agency about the intention to implement mass redundancies as well as about the outcome of the consultation process at least 30 days before the date of the dismissal.
- The deadline for implementing this procedure is a minimum of 45 days.
- Within 45 days of dismissal, the employees have the right to be re-employed, without examination, selection procedure or probationary period, if the employer resumes the same activities

III. Employee representative bodies

Employers are required to inform and consult employee representative bodies in all steps of a mass lay-off as well as with regard to any recent or expected developments in the undertaking's economic situation, employment conditions or decisions likely to lead to significant changes in the work organisation or employment and contractual relationships.

European Work Counsels are not very common. Where they are present, the employer should consult with them on an annual basis and on the occasion of exceptional circumstances and decisions that significantly affect the interests of employees (such as collective redundancies).

Employers are advised to not take any significant measures without consulting with the representatives and to them as equal partners during negotiations.

Reducing litigation risks

i. Voluntary resignation / Mutual agreement

While offering a voluntary resignation by employees in exchange for a bonus is very likely to be considered in court as a "disguised dismissal" it is often used by the business. In order to mitigate any risk, it is advisable to terminate the employment contract with a mutual termination agreement that establishes a severance payment. No legal minimum level of severance pays provided by law.

A mutual termination agreement is the quickest and probably the safest legal option that protects the employer against any claim of unfair or disguised dismissal. The employee can only make a claim in relation to the conditions of validity of the mutual termination agreement, not the termination itself. No specific mandatory requirements are envisioned for this type of agreement.

ii. Risk of unfair dismissal and useful tips for reducing that risk

In case unfair dismissal is proved in court, the employer should pay damages equal to the amount of the salaries that were due during the litigation period, together with other compensation, if any and proved. The employee has the right to be reinstated at the employer and may also request for any moral or other incurred prejudice.

The following tips may be useful to reduce the risks of unfair dismissal:

- Strictly review the whole process of termination and to asses and fully document all possible scenarios as national courts are likely to take employee-friendly approach
- Conclude mutual termination agreements in sensitive cases; in such cases the severance package is key and should be determined following a set of criteria. Other specific provisions may also be included in the agreement in order to fully protect the employer.

UPSKILLING & RESKILLING AS AN ALTERNATIVE TO LAY-OFFS

I. Working time and salary

Employees' training and any other relevant course/lecture/exhibition is considered working time for the employee if it arranged and supplied by the employer at its own expense (which is mandatory). As it is considered as working time, salary is paid accordingly.

If the professional training is provided at the employee's request, he/she may request unpaid leave and will not be entitled to a salary.

It is mandatory to ensure participation in training programmes for all employees at regular intervals provided by law. During long term leaves the individual employment agreement is suspended and therefore mandatory trainings do not apply.

While there are no specific legal provisions on this matter, it is mandatory for all the employers to ensure participation in professional training programmes for all employees on a regular basis. During long term leaves (e.g. maternity leave, medical leave), the individual employment agreement is suspended and, therefore, the aforementioned requirement regarding mandatory training does not apply.

II. Specific legal requirements for training contracts

All expenses incurred during training shall be borne by the employer. An addendum to the individual employment agreement should specify the period during which the employee must refrain from resigning as well as other obligations. In case the employee does not comply or is dismissed during that period for disciplinary reasons, as a result of a court conviction or prohibition from work, he/she must bear all expenses incurred during training.

LABOUR LAW ASPECTS THAT NEED TO BE CONSIDERED UPON WORKFORCE RESTRUCTURING

I. Options for termination of employment due to restructuring or for business reasons

i. Legal grounds

An employee may be dismissed if – due to technological, economic or organisational changes – the need to perform a specific job ceases or decrease in workload is observed (technological surplus i.e. redundancy). The changes that lead to technological surplus have to be objective and demonstrable.

Termination of an entire business unit is simpler, as compared to termination of individual positions (i.e. reducing the number of employees per position).

ii. Main steps of the termination process

Pre-selection procedure

When the employer needs to terminate individual positions, it should take care that the reasons for selecting redundant employees are not discriminatory in nature.

Termination notices

The following steps need to be observed:

- The employer should develop a solution-finding programme for the redundancy (if below conditions are met) prior to the decision on determining technological surplus
- The employer should deliver the programme to the National Employment Service and employee representative body for an opinion that should be considered
- The employer should then adopt a decision on termination of employment and pay severance payment

iii. Employees protected against dismissal

The groups that are under protection in case of employment termination include employees during a period of pregnancy, maternity leave, and other child-related leave. The labour inspectorate makes sure to return the employee to work if a termination notice is served to those groups and is also authorised to request a salary compensation. In case of liquidation, the protected employee can exercise his/her rights through the National Employment Service.

II. Mass lay-offs

i. Triggering mass lay-offs

A mass lay-off is triggered when the following number of people are made redundant within a period of 30 days:

- ten or more employees in undertakings with 20-100 employees hired for an indefinite period of time;
- at least 10% of the employees in undertakings with 100-300 employees hired for an indefinite period of time; or
- thirty or more employees in undertakings with more than 300 employees hired for an indefinite period of time.

A solution-finding programme shall also be developed by an employer who determines that there will be no need for work of at least 20 employees within a 90-days period, regardless of the total number of employees, as this is also considered as mass lay-off.

ii. Key steps for completing mass lay-offs

- The employer cooperates with the employee representative body and the National Employment Service to take appropriate measures for new employment of redundant employees
- The employer develops a solution-finding programme of employee redundancy and delivers it to the representative body and the National Employment Service for opinion
- The National Employment Service delivers to the employer a proposal for measures to prevent or reduce the number of terminations (such as by ensure retraining) which must be taken into account by the employer
- The employer adopts a final decision on n termination of employment

The procedure for completing mass lay-offs in case of technological surplus takes approximately at least two months to be completed.

III. Employee representative bodies

The employer should deliver the proposal of the solution-finding programme (in the event of mass lay-offs) or the decision (in the event of redundancy affecting a limited number of people) to the trade union / work council in order to obtain an opinion.

While work councils are not really developed in Serbia, as a general rule they should provide their opinion and participate in the decision-making process related to economic and social rights of employees. Where they exist, it is advisable that they should also be involved in any restructuring scenario.

IV. Reducing litigation risks

i. Voluntary resignation / Mutual agreement

Offering a voluntary resignation is not stipulated as an option in Serbian law and it will most likely be considered as exercising pressure over the employee. While, it is nature similar to the mutual termination agreement in which both parties agree on termination of the employment and the amount of the severance pay, only the mutual agreement is based on explicit consensus of both parties and represents an institute regulated by the Serbian Employment Act.

An employment relationship may be terminated on the ground of a settlement between the employer and the employee (a mutual termination agreement). This is the most risk adverse approach in which the central topic is the amount of compensation (which is not mandatory, but expected in the event of mutual termination agreement).

Local rules on severance and other social contribution payments provide some guidance on the expected amounts. No other specific mandatory requirements are envisioned for this type of agreement.

ii. Risk of unfair dismissal and useful tips for reducing that risk

In case unfair dismissal is suspected, the employee can initiate court proceedings within 60 days after the termination decision. If an employee has filed a dispute, he/she may request from the labour inspection to postpone the termination by decree, if it violates the rights of employees. The inspection may reject the request if it finds no violation.

If a court determines that the employee's employment relationship was terminated unlawfully, the employee must be compensated for damages (up to 36 salaries if the employee requested to be reinstated, but the court denies the request or up to 18 salaries if he/she does not request to be reinstated), his/her social insurance contribution must be paid for the whole period of unemployment.

While labour disputes represent urgent procedures, in practice they often last between 3 and 10 years.

The following tips may be useful to reduce the risks of unfair dismissal:

- Carefully define the grounds for termination as they very often have decisive implications on the outcome of disputes.
- Inform the employee in writing about the consequences of exercising unemployment rights and conclude a written mutual agreement
- Take all measures to try to maintain employment before adopting a decision on technological redundancy
- Do not to pressure employees to take any step, give consent, sign a statement or sign a mutual agreement he/she did not negotiate

UPSKILLING & RESKILLING AS AN ALTERNATIVE TO LAY-OFFS

I. Working time and salary

Generally, if the employer needs to train an employee, such training is considered as part of working time.

While the subject on salary during upskilling/reskilling is not clearly regulated in law, employees are entitled to receive their salary when on training. The employer is also entitled to prescribe by the general acts or employment contracts the cases in which the employees will be entitled to the minimum wage such as in cases when upskilling /reskilling is provided as an alternative to lay-offs.

Training should also be offered to employees on long-term leaves in order to avoid potential discriminatory dispute.

II. Specific legal requirements for training contracts

The employee may agree with the employer to compensate the employer for damages in case of early termination of the employment contract after completing training. It is highly recommended to regulate such issues by the general acts of the employer or employment contracts. In practice, the compensation would be applied if the employee resigns within the period of one year, but a longer period of up to two years is also possible.

LABOUR LAW ASPECTS THAT NEED TO BE CONSIDERED UPON WORKFORCE RESTRUCTURING

I. Options for termination of employment due to restructuring or for business reasons

i. Legal grounds

The employer may terminate employment due to:

- Closing-down of the employer (or its part) where no legal successor exists. The reason for closing-down itself is not relevant.
- (Relocating of the employer (or its part) to a new place that the employee does not accept as the new place of work. The reason for relocating itself is not relevant.
- Organisational changes involving the cancellation of certain positions due to restructuring, change in technical equipment, or a reduction in the number of employees in order to ensure work efficiency

ii. Main steps of the termination process

Pre-selection procedure

Only employees working for the (part of) business being closed-down or relocated may be chosen for dismissal.

If the reason for dismissal is an organisational change, the employer must first adopt a written resolution describing which job positions are cancelled and why. Such a decision is a sufficient legal basis for dismissal of only the employees affected by the change.

Termination notices

The following steps need to be observed:

- The employer must offer the employees that need to be dismissed another suitable job position. If there is no such position or if the employee rejects the offer, the employer may proceed with dismissal
- The employer must consult the dismissals with employee´s representatives – consultation must take place within seven days from delivery of the invitation for consultation
- The employer must serve a termination notice that clearly set out in writing the reason for dismissal
- After expiration of the notice period affected employees are entitled to severance payment that depends on the time worked at the employer
- If the reason for dismissal is organisational change, the employer must not hire new employees for the positions that were made redundant within two months from dismissals

iii. Employees protected against dismissal

When organisational change occurs, the groups that are under protection in case of employment termination include employees on sick leave, maternity/paternity leave or during pregnancy, and employees absent from work due to performance of public activities. If an employee from a protected group is served a termination notice prior to start of the statutory protection period, the employment should terminate upon the expiry of the last day of the statutory protection period.

If the affected employee is disabled, the employer must obtain the prior consent on his/her dismissal from the Labour Office.

Employees that are members of an employee representative body are protected against dismissal during their term and six months after its expiration. Prior consent of the respective representative body is required for premature dismiss.

II. Mass lay-offs

i. Triggering mass lay-offs

A mass lay-off is triggered when the following number of people are made redundant within any period of 30 days:

- ten or more employees in undertakings with 21-99 employees;
- at least 10% of the employees in undertakings with 100-299 employees; or
- thirty or more employees in undertakings with 300+ employees.

ii. Key steps for completing mass lay-offs

- The employer must provide information on the planned lay-offs to the employee representative body stating, among others, the reasons for dismissal, number of affected employees, total headcount number, selection criteria for dismissal, and the period during which the redundancy will take place. If there are no employee´s representatives in place, this obligation must be fulfilled towards each affected employee. The same information must be provided also to the National Labour Office.
- The employer must consult with the employee representative. The consultation should focus on measures which could prevent or limit the mass redundancy, mitigate the adverse consequences of dismissals, and the possibility of job alternatives within the employer. Following the consultation with employee´s representatives, the employer must deliver written information on its outcome (minutes from the consultation) to the employee´s representatives and also to the National Labour Office.
- The employer may start serving notices to employees or propose termination of employment by agreement, not earlier than one month from the day of delivery of the written information on outcome of the consultation to the National Labour Office.

III. Employee representative bodies

If the reason for dismissals is closing-down, relocating or organisational change, the employer must consult with employee representatives before serving termination notices to employees.

If the mass redundancy process is triggered, the consultation with employee representatives and notifications must also take place prior to planned dismissals.

If members of an employee representative body need to be dismissed the respective representative body must give its consent.

In case a European Work Council is in place, it needs to be consulted on ongoing and expected developments affecting employment, significant organisational changes, introduction of new work methods or production processes, investments, restructurings, reduction of activity, dissolution or relocation, and mass dismissals.

When consulting with the employee representatives, it is recommended that the employer be well aware of its own and other party's rights, obligations and limitations, properly assess its own negotiating position, and prepare a suitable strategy. Transparent, responsible and active communication is important.

IV. Reducing litigation risks

i. Voluntary resignation / Mutual agreement

Employee can serve an employment termination notice to the employer anytime, for any reason or without giving a reason. A notice period applies.

In theory, the employer shall not be prohibited from offering employees a financial compensation against their voluntary resignation. However, this measure is rarely used (if ever) by employers in Slovakia. Having in mind that it may be difficult to convince the employee to resign even with a bonus and that it cannot be guaranteed that the employee will serve his/her notice, signing a mutual agreement would be a safer option.

A mutual agreement on termination of employment may be concluded at any time and for any reason. It must state the reasons for termination as well as the agreed termination date. No notice period applies if mutual agreement is concluded.

If the termination reason is closing-down, relocating or organisational change, the affected employees are specifically entitled to severance payment depending on the time worked at the employer.

ii. Risk of unfair dismissal and useful tips for reducing that risk

In case unfair dismissal is suspected, employees may file a lawsuit within two months from the employment termination. Upon the employee's request, his/her employment must continue until the court decides otherwise. If a court determines that the employee's employment relationship was terminated unlawfully, the employee is

entitled to a wage compensation.

The average length of disputes for unfair dismissal is approx. 18 months.

The following tips may be useful to reduce the risks of unfair dismissal:

- Have a transparent and responsible communication with employees and employee representatives during the whole dismissal process, providing them with sufficient information in advance
- Properly plan the dismissal process and comply with respective legal rules and requirements

UPSKILLING & RESKILLING AS AN ALTERNATIVE TO LAY-OFFS

I. Working time and salary

Upskilling (increase of qualification / requalification) is not considered as part of working time but rather as obstacle to work. Voluntary deepening of qualification is also not considered as part of working time. If the new/depended qualifications are in line with employer´s needs, a wage compensation may be provided by the employer.

However, deepening of qualification ordered by the employer is considered as working time and regular wage is paid.

II. Specific legal requirements for training contracts

Agreement with employees on upskilling/reskilling must provide information on the qualification and training provider, the time period during which the employee undertakes to remain working for the employer (max. 5 years), and the costs that he/she should pay to the employer if he/she does not fulfil this obligation.

Agreement on deepening of qualification (having the same content as upskilling/reskilling agreements) may be concluded if the estimated costs are above EUR 1,700.

LABOUR LAW ASPECTS THAT NEED TO BE CONSIDERED UPON WORKFORCE RESTRUCTURING

I. Options for termination of employment due to restructuring or for business reasons

i. Legal grounds

Employment may be terminated due to financial/business reasons that lead to (partial) closing down or restructuring.

An employee can always file for re-employment claiming the lack of a valid reason for termination. Courts are usually very strict in determining whether a lay-off is justified. If the termination decision is challenged in court, the courts will consider whether the employer has taken all necessary mitigating steps to avoid or minimise the need for termination, whether employees are dismissed based on objective selection criteria, and whether the latest financials of the company support the need for closure/downsizing.

ii. Main steps of the termination process

Pre-selection procedure

If the company closes only part of the business, the selection of which employees to terminate should be based on objective criteria that can be substantiated in court if needed.

Termination notices

The employees who have less than six months of seniority level are not able to file an action in the court and only a termination notice is sufficient along with the payment due to terminate employment.

For all other employees the following steps need to be observed:

- It is advisable to contact the employee that needs to be dismissed to seek an amicable settlement by means of mediation. The agreement executed during the mediation process is binding on the parties and enforceable. After completing the process, the employer serves a termination notice, de-registers the employee from the social security system, and makes the payment to the employee as specified in the mediation agreement.
- If the employee does not agree to mediation, the employer may either offer a mutual termination agreement or directly serve a termination notice. Both options entail the risk of a lawsuit. The employee usually signs a letter of acquittance after the termination to protect the employer from any claims against it. Even if the letter of acquittance is signed, the employee can still claim that it was signed without his/her will and that he/she was forced to sign it.

The company should not be hiring any new employees to similar positions within the six months of termination of the employees.

TURKEY (cont.)

iii. Employees protected against dismissal

There is no general rule protecting employees with a specific condition. Each employee would be evaluated on a case by case basis.

II. Mass lay-offs

i. Triggering mass lay-offs

A mass lay-off is triggered when the following number of people are made redundant within a period of 30 days:

- ten or more employees in undertakings with 20-100 employees;
- at least 10% of the employees in undertakings with 100-300 employees; or
- thirty or more employees in undertakings with more than 300 employees.

ii. Key steps for completing mass lay-offs

- The employer must inform the employee representative body, the Turkish Ministry of Labour and Social Security and the Turkish Employment Agency, specifying the reasons for termination, the number of employees affected and the time period for execution
- The employees must be terminated with a termination notice and are entitled to a notice period depending on their seniority level
- The employer must meet with the trade union, if one exists, to discuss alternative options to dismissal or measures mitigating the negative consequences of the dismissal

III. Employee representative bodies

Work council or trade unions are not common in Turkey. In scope of the alignment with the EU legislation, Turkey is working towards providing more opportunities for the organisation of employees.

Trade unions should be involved in mass lay-offs: the employer is obliged to notify and negotiate with the union in order to reduce the negative impacts of the dismissals. If the employer does not carry out the required negotiations prior to termination, administrative fines apply and in some cases the courts may rule to invalidate the termination altogether.

IV. Reducing litigation risks

i. Voluntary resignation / Mutual agreement

If the employee does not agree to settle the termination via mediation, a mutual termination agreement can be executed with the risk of a re-employment lawsuit by the employee. As the criteria for validity of the mutual

termination agreement are very strict.

ii. Risk of unfair dismissal and useful tips for reducing that risk

Employees with more than six months of seniority level in the company can file an action for re-employment in court. Most of such cases are decided in favor of the employee. The employee is entitled to receive the wages due during the term they were out of the job together with a compensation for wrongful dismissal.

An employment dispute can last 6 to 18 months for the court of first instance and can take up to 3 to 4 years if appealed.

The following tips may be useful to reduce the risks of unfair dismissal:

- Use the mediation process to reduce the risks of unfair dismissal claims
- Take all the necessary measures aimed at reducing the need for dismissals, such as removing extra/over-time work and offering the unpaid leave.
- Make sure to have all evidence to strongly support the company's need to carry out the termination.
- Adopt a board resolution with indicating why the company has resorted to termination and how it will be carried out

UPSKILLING & RESKILLING AS AN ALTERNATIVE TO LAY-OFFS

I. Working time and salary

Although the labour code does not stipulate any provisions regarding the time spent in training, the general consensus is that if the training is organised by the employer during working hours, it will be considered as working time and the employee would be entitled to receive salary.

If the training is organised outside working hours, the courts and scholar opinions have conflicting decisions on whether or not it should be considered as working time and whether the employees are entitled to overtime wages. This issue should be evaluated on a case by case basis. However, if the training is requested by the employer, most likely the employee would be entitled to payment even if it takes place outside working hours.

Training must also be provided to employees in a long-term leave (such as maternity leave).

II. Specific legal requirements for training contracts

Training contracts typically include clauses that oblige the employee to work at the company after finishing the training provided by the employer and impose a penalty in case of non-compliance, especially when training costs are high. When the employee signs the contract agreeing to return to work after training, the duration of such commitment should be in proportion with the amount of the penalty clause.

LABOUR LAW ASPECTS THAT NEED TO BE CONSIDERED UPON WORKFORCE RESTRUCTURING

I. Options for termination of employment due to restructuring or for business reasons

i. Legal grounds

Employment may be terminated on the grounds of changes in the organisation of production and labour (such as reorganisation or re-profiling of the company). In order to justify the redundancy, the changes should be objectively necessary and caused by developments such as the introduction of new technologies, improvement of the company structure, increase in labour productivity, or in order to prevent bankruptcy and collective redundancy.

ii. Main steps of the termination process

Pre-selection procedure

A pre-selection documentation needs to be prepared if only some of the employees holding the same position need to be terminated.

Termination notices

The following steps need to be observed:

- The employer should prepare a large amount of justifying documentation in addition to the pre-selection documentation
- The employer should notify the trade union (if any)
- The employer should notify the employees two months in advance of the intended date of dismissal, mentioning that there are no applicable vacant positions

A redundancy is quite time consuming and burdensome procedure, taking usually 2.5 – 4 months, depending if a trade union exists.

iii. Employees protected against dismissal

The groups that are under protection in case of employment termination include pregnant women, certain cases of employees taking care of children, employees called up for military service, employees under 18 years old, employees in their first job and young graduates, former members of employee representative bodies, and employees involved in socially useful work during martial law.

In the case of liquidation, the dismissal of pregnant women, of employees taking care of children in certain cases and of employees under 18 years old is allowed only with subsequent mandatory employment.

The law does not limit the possibility of terminating the employment of protected employees based on mutual consent. Given their status, protracted employees are usually offered a higher compensation package (compared to other employees).

II. Mass lay-offs

i. Triggering mass lay-offs

A mass lay-off is triggered when the following number of people are made redundant within a period of 30 days:

- ten or more employees in undertakings with 20-100 employees;
- at least 10% of the employees in undertakings with 101-300 employees;
- thirty or more employees in undertakings with 301 to 1,000 employees; or
- at least 3% of the employees in undertakings with 1,001 or more employees.

ii. Key steps for completing mass lay-offs

- The employer must notify and consult with the employee representative body at least three months before redundancy
- The employer is required to notify the State Employment Service of Ukraine two month prior to the scheduled collective redundancy
- No approval of the labour authorities is required to implement a collective redundancy.

III. Employee representative bodies

The trade union (if any) must be informed about the reasons for the planned redundancy, its timing, and the number and categories of employees to be affected. The employer should consult the trade union (if any) on measures that can prevent or minimise redundancy, or mitigate its adverse effects.

Prior to the introduction of martial law, the termination of an employment agreement due to redundancy could be carried out only with the prior consent of the trade union of which the employee is a member (if applicable). In a period of martial law, this requirement does not apply, except in cases of termination of the company's employees elected to trade union bodies.

Communication with trade unions should be as formal as possible. In practice, trade unions are not very common within international business.

IV. Reducing litigation risks

i. Voluntary resignation / Mutual agreement

Theoretically, voluntary resignation may be challenged in the court and is riskier than a mutual termination agreement.

As a general rule, the most practical solution is to terminate an employee based on a mutual termination agreement using the redundancy option as a leverage for the negotiations with the employee. In order to convince employees to accept the agreement, the employer usually offers employees additional compensation, the amount of which depends on employee's position, salary level, length of service, company sector etc. The agreement may include clauses on confidentiality and other issues and is therefore a safer option for employers.

ii. Risk of unfair dismissal and useful tips for reducing that risk

An employee may file a claim in court for reinstatement at the previous position within one month after termination if he/she considers that:

- the termination in form of redundancy was in fact not connected with changes in production and labour organisation;
- the preferential right to continue employment was not taken into consideration;
- the right for special protection was violated; and/or
- the respective procedure was not duly observed.

If the court decides that the redundancy was illegal or unjustified, the employee may be:

- reinstated at work;
- awarded compensation in amount of employee's average monthly salary accumulated from the period termination;
- awarded compensation of moral damages and /or attorney's fees.

Such court disputes are quire lengthy and could take several years if any party appeals the results in the court.

In order to reduce the risks of unfair dismissal, it is advisable to terminate employment based on a mutual consent agreement of the parties and offer payment of additional compensation to incentivise the employee to accept the dismissal.

UPSKILLING & RESKILLING AS AN ALTERNATIVE TO LAY-OFFS

I. Working time and salary

Formally time spent in upskilling and reskilling is not considered working time.

When an employee is spending time in reskilling based on the need for a company to produce a new profession, he/she is entitled to remuneration if training is organised by the company directly at the production site. Remuneration starts at 100% of the average earnings at the previous place of work for the first month, gradually decreasing to 40% in the third month.

When an employee is sent for advanced training / retraining / training of other professions outside of premises of the workplace, he/she retains the average salary at the main place of work during the training period and all related costs and per diem are paid by the employer.

Generally, employees who are on a long-term leave should not be sent for training or reskilling. However, such matters can be discussed informally during the employee's leave.

II. Specific legal requirements for training contracts

The employer may conclude agreements for professional training, reskilling and advanced training with employees (or other persons who are not employed at the company), imposing them with an obligation to work at the employer after completion of the training for a certain period of time agreed by the parties (but not more than three years). In case of refusal or premature termination, the employee is obliged to reimburse the employer for the training costs.

The employee is not obliged to reimburse any costs related to the training if they did not start working or were terminated from work due to disability, dismissal at the initiative of the employer (unrelated to illegal actions), call-up for (non-)military service, a violation by the employer, care for a person with disability, etc.