

Review/Pregledni rad

UDC/UDK 378.18: 331.5:340.134(497.5)

DOI <https://doi.org/10.32676/n.4.3>

Attitudes on regulatory framework of student employment: study upon a student population in Croatia before new legislation

Stavovi o regulatornom okviru zapošljavanja studenata: studija na studentskoj populaciji u Hrvatskoj prije novog zakonodavnog okvira

Abstract

Students enter the labour market through a student service to have the opportunity to pay for tuition fees or to earn additional income that would allow for the parents or guardian's budget to be disbursed. Although almost 70% of full-time students were working through a student contract in 2016, the Regulation on intermediaries for employment of full-time students from 1996 was the only legal document that was regulating student employment. Due to impropriety of this document and the fact that student employment is not under the Labour Law, in November 2017 the Croatian Government published a proposal for the new Student Employment Act, which was passed in November 2018. Subsequently, the reform of regulatory framework of student employment is important to student work force. According to the Regulation in force, there is no constraint on the maximum weekly working hours or maximum annual earnings. Nevertheless, student income can become taxable under the rules of Personal Income Tax Law if it exceeds the annual limit of 60,600.00 HRK. Consequently, the reform of personal income tax is also significant for students if they do not want to become a taxpayer of personal income tax. Based on this, the main goal of this paper is to analyse attitudes of students towards the regulatory framework of student employment, reform of personal income tax and their work under the mediation of the Student Centre. In order to question student attitudes, the questionnaire was used and the results of the analysis carried out before changes in legislation, in February and March 2018, indicate that students were not satisfied with the existing regulatory framework and the personal income tax reform, and that they expect the improvement of working conditions with the implementation of the new Student Employment Act.

Keywords: regulatory framework, student income, personal income tax, Student Centre, the Republic of Croatia

JEL classification: C83, H24, I23, K20

Sažetak

Studenti se uključuju na tržište rada preko studentskog servisa kako bi imali priliku platiti školarinu ili zaraditi dodatne prihode s ciljem financijskog rasterećenja roditelja ili staratelja. Iako je gotovo 70% redovnih studenata radilo preko studentskog ugovora u 2016. godini, jedini pravni dokument koji je regulirao zapošljavanje studenata je bio Pravilnik o posredovanju pri zapošljavanju redovitih studenata iz 1996. godine. Zbog neprimjerenosti ovog dokumenta i činjenice da zapošljavanje studenata nije regulirano Zakonom o radu, u studenom 2017. godine Vlada Republike Hrvatske objavila je prijedlog novog Zakona o obavljanju studentskih poslova, koji je izglasan u studenom 2018. godine. Zbog toga, reforma regulatornog okvira zapošljavanja studenata važna je za studentsku radnu snagu. Prema važećem Pravilniku, ne postoji ograničenje maksimalnog tjednog radnog vremena ili maksimalne godišnje zarade. Unatoč tome, dohodak studenata može postati oporeziv

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prema pravilima Zakona o porezu na dohodak, ako premašuje godišnju granicu od 60.600,00 kuna. Slijedom toga, reforma poreza na dohodak je također značajna za studente ako ne žele postati poreznim obveznikom poreza na dohodak. Na temelju toga, glavni je cilj ovoga rada analizirati stavove studenata prema regulatornom okviru zapošljavanja studenata, reformi poreza na dohodak i njihov rad pod posredovanjem Studentskog centra. Kako bi se ispitali stavovi učenika, korišten je upitnik, a rezultati analize provedeni prije izmjene zakonodavnog okvira, u veljači i ožujku 2018. godine, pokazuju da studenti nisu zadovoljni postojećim regulatornim okvirom i reformom poreza na dohodak, te da očekuju poboljšanje radnih uvjeta stupanjem na snagu novog Zakona o obavljanju studentskih poslova.

Ključne riječi: regulatorni okvir, prihodi studenata, porez na dohodak, studentski centar, Republika Hrvatska

JEL klasifikacija: C83, H24, I23, K20

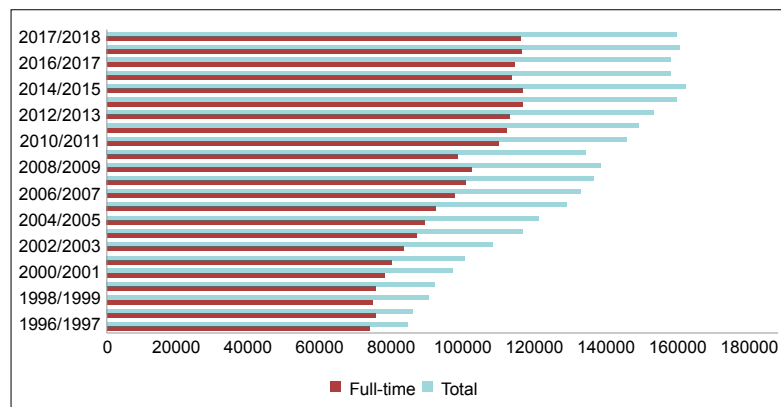
1. Introduction

In the academic year 2017/2018, there were 159.430 enrolled students on professional and university studies in the winter semester in the Republic of Croatia. Out of that number 72% of them were full-time students that had the right to work through student contract which was regulated by Regulation on intermediaries for employment of full-time students from 1996 (Official Gazette 16/1996). Until 2017, there were numerous suggestions on the amendments to this Regulation since certain parts should have been defined more clearly, and specific topics have not been settled at all. Having in mind the growing number of

students through the years (Figure 1), and the fact that 70% of student worked during their education, in November 2017, a Draft of the Proposal of the Student Employment Act was released in public debate.

The main ideas of the Draft were to stipulate safer and better working conditions for students, the definition of minimum working hours, and also the inclusion of part-time students to work through a student contract, which was not possible according to the 1996 Regulation. Student employment is organized by mediators or competent Student Centres, which have central role in student employment. They keep records about the

Figure 1 Students enrolled on professional and university study in winter semester, from academic year 1995/1996 to 2017/2018



Source: Croatian Bureau of Statistics (2018).

employers and students, issue a student contract, are responsible for the employer's commitments towards the student and provide legal assistance to the students. The main feature of student contract and employment is that their income is exempt from taxation with personal income tax, but only up to certain thresholds. From 2017, and the reform of Personal Income Tax Law, students can earn up to 15,000.00 HRK on an annual basis to stay as tax deductible to his/her parent or guardian. The problem with this threshold was that it included scholarships and student awards. The other threshold is 60,600.00 HRK annually, meaning that the student becomes the taxpayer in the system of personal income tax.

Based on these facts, we can formulate the main objective of this paper: to question students' attitudes towards the existing legal framework of their employment, including the jurisdiction of the Student Centre and reforms in the system of personal income tax. For this purpose the questionnaire was formed and distributed to the students at the University of Zagreb. In order to evaluate these attitudes, appropriate tests were performed. Moreover, to get a better insight into the strength and direction of the association, appropriate measures of association were calculated as well.

There are several papers written on the topic of student employment in the Republic of Croatia. Doolan (2010) analyses the selections of student course from the financial aspect, Cvitan et al. (2011) in their paper give the overview of student life from social and economic point of view, Matković (2009) examines the students tuition fees in the period from 1991 until 2007, and Čavar (2018) studies the reasons for growing student employment, legal regulation and the effects on the labour market. To our best knowledge, there are no papers dealing with the topic of full-time students' attitudes toward the legal framework of their position in the labour market. Based on this, there are several contributions of this paper. First, the survey was conducted on the full-time students that were using the services of Student Centre as a mediator in the employment and based on their attitudes one can see main problems in the current legal framework. Also, the question of the personal income tax

reform was included as an indicator of student concern about the limit of their earnings through student contract. At the point of writing this paper, the Proposal of the Student Employment Law and the changes in Personal Income Tax Law regarding scholarships and rewards were in parliament procedure which additionally contributes to the importance of this topic not only for students but also for the society.

The paper is organized in five chapters. After the introduction, in the second chapter the legislative framework of student employment is explained and the main characteristics of student labour treatment from the tax aspect are given. Third chapter comprises research data and methodology and the results of the analysis are explained in the fourth chapter. The fifth chapter brings the conclusion.

2. Background

2.1. Legislative framework of student employment

According to data from 2016, almost 70% of full-time students work through a student service. Despite the fact that most students are employed over summer or winter holidays, a large number of students manage to work and study at the same time. Most of them successfully complete their student and business responsibilities throughout the academic year. During the employment of full-time students, a service contract is signed, and the contract itself, in accordance with the Regulation on intermediaries for employment of full-time students (Official Gazette 16/1996), is entitled "Agreement on the Labour of a Regular Student". It is issued by mediators or competent Student Centres. Intermediaries give students a contract before the beginning, during or after the job. After the work is done, the employer verifies the fulfillment of the contract with the sum of earnings. Each contract certified by the employer for the mediator is a credible document for calculation and collection of earnings for the work done for the benefit of the student, contributions in the case of work injury of regular students, mediation fees for their benefit which cannot be more than 12% of the amount of the earnings, and is charged directly from the employer. It is important to note that earnings for the job done are not considered as income for

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which tax is paid in terms of personal income tax regulations. According to the Regulation, mediators have the task of keeping the records of the members, the work is done, as well as on the sum of earnings and about the employer (Official Gazette 16/1996). In the Republic of Croatia, mediators are Student Centres in Zagreb, Rijeka, Split, Osijek, Varaždin, Šibenik, Zadar, Dubrovnik, and Slavonski Brod. The mediators are entitled and are obliged to represent the student when they claim for work done. Once the employer validly confirmed the job performance, the intermediary, i.e., the amenable Student Centre, is solely responsible for the employer's obligations towards the student. It is important to point out that mediators can mediate in recruiting only a regular student. The status is proven by a document such as an index, a certificate from a college whereby a student confirms a certificate of membership. In exceptional cases, mediators can mediate in recruiting candidates who are in the process of college enrolment, as well as for those who have completed the study, but not later than three months after finishing high school. From all of this, it follows that the role played by intermediaries or Student Centres is extremely important when performing full-time student employment.

When it comes to full-time students, according to the Law on Scientific Activity and Higher Education, full-time students are students who are studying under a full-time teaching program. The cost of their study program may be partly or fully funded from the state budget, in accordance with the general act of the university, polytechnic or schools of professional higher education. Full-time students have the right to health insurance in accordance with special regulations. Likewise, the regulations issued by the Minister regulate other conditions and the way of exercising the rights of full-time students. These are rights such as subsidized housing and food, student mobility with disabilities, state scholarships, loans as well as other grants and employment through Student Centres (Law on Scientific Activity and Higher Education, 2017).

Employment of a student is based on the 1996 Regulation that had only a few amendments to date. During this period it was noticed that a certain number of areas should be defined more

clearly, and some issues have not been settled at all. Consequently, it was decided to create a unique law that will address all of these issues. The Government of the Republic of Croatia subsequently adopted a Decision on February 2, 2017, to establish a working group whose task would be to draft a law that will regulate the employment and work of students. Subsequently, on March 10, 2017, the Ministry of Science and Education issued a decision to appoint a working group to deal with these issues, and in this group were included representatives from the Ministry of Finance, the Ministry of Labour and Pension System, students, Student Centres, employers, trade unions, as well as employees of the Ministry of Science and Education (Government of the Republic of Croatia, 2017).

Open questions related to the regulation of student employment were (Government of the Republic of Croatia, 2017): defining the conditions under which students can accomplish the right to this type of job; which students can perform this kind of job; regulating the obligation to keep records on the employment of a student - introducing a contractor's obligation to introduce a record of contractors and to submit data to the intermediary and labour inspectorate; arranging the student protection system, defining the terms and conditions of contract work on student work; defining the client's obligations and using mediation fees.

As one of the basic issues regulated by the aforementioned Draft of the Law is the extension of the definition of full-time students. Namely, according to the current Regulations, part-time students do not have the right to do such jobs. Consequently, it is suggested that all part-time students can do this type of job. In addition, a draft proposal recommends the definition of conditions for student work. Accordingly, it is suggested that mediators can mediate for a student enrolled in a current academic year that has achieved at least 1 ECT point in the previous year, with certain exceptions. It is also proposed to prescribe the inspection supervision over the implementation of the Act.

By analysing the articles of the Final Proposal of the Student Employment Law, the following main features of the new Act can be identified

(Government of the Republic of Croatia, 2018)¹:

- Student Centre commission will increase for 12% and 0.5% (Article 12, paragraph 1)
- the minimum student fee is calculated by hour by dividing the amount of the minimum gross salary in the Republic of Croatia by 160 in accordance with a special regulation,
- in case a student is working at least six hours a day, he/she is entitled to a paid break every day for a minimum 30 minutes,
- in a case of a breach of the contract and the terms and conditions arising out of it, students will be provided with the assistance in the sense of a person (legal aid) authorized by the client to receive and resolve complaints regarding the dignity of student work,
- the law foresees the specific purpose of revenue partition by intermediaries: improvement in student accommodation activities, improvement of student dieting as well as cultural and sporting activities intended exclusively for students,
- intermediaries will have the obligation and public announcements every year, no later than March 1, about the distribution and use of intermediation income, as well as a written report to the relevant Ministry and the final account for the previous calendar year,
- inspecting supervision of student employment is introduced, and in carrying out the inspection, the labour inspector has the authority prescribed by law,
- sanctions for the violation of certain articles of the Law are prescribed. For example, a fine of 100,000.00 HRK shall be imposed on anyone who abuses the contract of performing student work so as to enable them to do business with those who are not parties to the contract. In addition to a fine, a person who uses a contract may also be imposed a safeguard measure prohibiting the use of brokerage services for up to two years, while employers who provide work to non-contractual persons may be

imposed a protective measure prohibiting the use of brokerage services for up to one year,

- Article 7 prescribes which institutions, under what conditions, and in which process, can obtain mediation permit when employing a student,
- the Law will stipulate that students are entitled the 50% increase in remuneration for work performed in places with special conditions determined by special regulations, as well as night work, work on holiday, on Sundays, and also students are entitled to compensation for travel expenses, a fee for hot meal and other benefits if agreed,
- the list of parts to be enclosed in a student contract is extended. Similarly, the extension includes information on the number of mediation permissions issued, the Personal identification number (OIB) of the contractor, the OIB of the client and the intermediary, the place of work, the start and expected business hours, the net price per hour, and the amount of compensation,
- the employer who has cancelled, on a business-related basis, a contract to a worker, shall not conclude contracts for student work for this type of contract for at least six months after the cancellation of workers contract.

2.2. Characteristics of student income treatment

In the Republic of Croatia, student labour is regulated by the Regulation on intermediaries for employment of full-time students, but the taxation of student earnings is prescribed by the Personal Income Tax Act (Official Gazette 115/2016) and the Personal Income Tax Regulations (Official Gazette 10/2017, 128/2017). According to the current Personal Income Tax Act, income from six sources is being taxed (Official Gazette 115/2016): income from employment, income from self-employment, income from property and property rights, income from capital, income from insurance and/or other income. According to the Act, a taxpayer is a person

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¹ At the point of finishing this paper, the Law was passed in the Croatian Parliament, and will be in force since January 1st 2019.

who earns income. In the event that more than one person earns income together, the taxpayer is each person separately for his/her share in the common income. The subject of taxation is the total income or earnings of the taxpayer. The personal income tax base is the total net earnings, which is generated by deducting from the gross income the prescribed deductions, which are considered necessary for its realization.

At the end of 1993, the first Personal Income Tax Act was passed and came into force on January 1, 1994. This law sets the foundation for taxation of personal income in the Republic of Croatia, which, despite some changes, has been retained to date. Since the adoption of this law, there have been many changes in terms of the scope of taxable income, the size of personal deduction, the tax rate schedule, the number of allowances and the ways in which certain types of income are taxed (Šimurina et al., 2012: 146). Thus, since 1994, in the Republic of Croatia, this Act has undergone numerous changes, with a total of 13, of which 3 are new, and the concept of taxation has changed several times by 2012 (Šimović, 2012: 2). The first Personal Income Tax Law in the Republic of Croatia was in force from 1994 to 2000, the second from 2001 to 2004, while the Third Act was in force from January 1, 2005 to March 1, 2012. In the mentioned period, to a greater or lesser extent, the elements of the income or consumption concept are intertwined. After that, we can talk about the hybrid concept of personal income taxation in the Republic of Croatia, which, since the elimination of taxation of dividends and other income from capital, mainly contains elements of the consumption concept (Gelo, 2015: 72). In December 2014, the Law on Amendments to the Personal Income Tax Act (Official Gazette 143/2014) was adopted, effective from January 1, 2015. On the basis of this law, the personal allowance has been increased, and the base for applying the tax rate of 25% has been expanded, and interest rates have been introduced since January 1, 2015 and capital gains

as of January 1, 2016. Also, the non-taxable portion of dividends and profit shares up to 12,000.00 HRK per year has been discontinued. In the year 2016, the personal income tax deductibles from employment on a monthly basis was calculated at rates of 12% (from the monthly tax base to the amount of 2,200.00 HRK), 25% (on the difference between the monthly tax base between 2,200.00 HRK and 13,200.00 HRK) and 40% (on a tax base above 13,200.00 HRK).

The Personal Income Tax Act (Official Gazette 115/2016), which entered into force on January 1, 2017, brought a number of changes. All these changes could not be called modifications or supplements, but the new law. It also defines the concept of annual income and final income. In this sense, annual income is income from employment, self-employment and other income that is not considered as final income, and the tax liability is determined upon submission of the annual income tax return. Also, final income consists of income on the basis of property and property rights, capital, insurance, and income on the basis of reimbursement of contributions and income on the basis of the difference in the value of the assets of the resources which are acquired. These are taxed at uniform rates of 12% or 24% or 36%, and they are considered as the final tax calculation without the right to use the personal deduction and submission of the annual tax return. The Act also increased the basic personal deduction from 2,600.00 HRK to 3,800.00 HRK and the factors for the dependent members and children were raised, with the basis for their use of 2,500.00 HRK. After this tax reform, in the system of taxation of the personal income from the employment, from January 1, 2017, the new tax categories are used, as shown in Table 1.

At the annual level, there is no maximum income a student can earn through a student contract. However, there are two important thresholds to be observed annually. From January 1, 2017, the first threshold is 15,000.00 HRK, while the second

Table 1 Tax rates in the system of personal income tax since January 1, 2017

Tax rates	Monthly tax base	Annual tax base
24%	below 17,500.00 HRK	below 210,100.00 HRK
36%	above 17,500.00 HRK	above 210,100.00 HRK

Source: the authors according to Official Gazette (115/16).

threshold is 60,600.00 HRK. The first threshold refers to tax relief for parents, while the second threshold refers to the payment of personal income tax. These thresholds refer to the total annual income through a student contract in the calendar year, i.e., from January 1st, to December 31st. In addition, the date of payment is being monitored. For example, if a student was paid in January for work in December, that payment is counted in the next year (Law on Scientific Activity and Higher Education, 2017). By 2016, students were entitled to a non-taxable income of 50,000.00 HRK through a student contract. Most of the taxes paid on earnings above that threshold were received by taxpayers through tax returns because they did not utilize the annual personal allowance. Since 2017, as already pointed out, the non-taxable amount decreased to 15,000.00 HRK on an annual basis, and by adding an amount of annual personal allowance of 45,600.00 HRK, we get the amount of non-taxable 60,600.00 HRK (Personal Income Tax Law; Official Gazette 115/2016). In the case, if the student attains the receipt greater than that, on the difference above 5,050.00 HRK the personal income tax, and the eventual surtax, will be calculated. In a case that the total annual student incomes do not exceed the amount of 60,600.00 HRK, all potential paid taxes and surtaxes on the payment of receipts above 5,050.00 HRK per month will be returned to them after the annual calculation (Tax administration, 2017). It can be concluded that all the sums received by students that do not exceed 5,050.00 HRK per month are exempt from the payment of the personal income tax. Also, each student can represent his or her parent's tax benefit if they earn less than 15,000.00 HRK per year. In the occasion that this amount exceeds the limit of 15,000.00 HRK, the student terminates to be tax deductible to his/her parent or guardian.

The parent or a guardian as a taxpayer of the personal income tax comprehends the tax allowance for the dependent person, i.e., increased personal allowance for each child. In this case, every parent or guardian who receives a salary will also pay a lower personal income tax every month. In case the student passes the threshold, the parent or guardian will stay without it. In that case, the parent will then have to pay a higher personal income tax. This threshold is governed by the Personal

Income Tax Act and refers to any form of income: scholarships, student work, work contract, interest on savings, dividends, etc. It is very important to emphasize that each parent or guardian should on his own remove the tax benefit because the tax administration does not do it automatically if the student passes the threshold. If the parent or guardian does not do this, after the annual check, the Tax Administration will ask the parent to pay the difference.

If the student passes another threshold, or if his total annual salary exceeds 60,600.00 HRK, the amount shown on the contracts is deducted 24% of the amount above 60,600.00 HRK on an annual basis. Students other than the payment of personal income tax are also obliged to pay and surtax whose height depends on the place of residence of the student. This tax is also borne by the student and is therefore deducted from the amount written on the contract (Personal Income Tax Law; Official Gazette 115/2016).

3. Research data and methodology

Data employed in the empirical analysis was obtained using a survey conducted by an online questionnaire. The questionnaires were distributed via social network. The respondents were students from the University of Zagreb. For a more precise pinpointing, the respondents were full-time students in the City of Zagreb that worked at least once under mediation of the Student Centre. The questionnaire consists of 15 simple questions. Additionally, one question was complex as it included 16 claims in which respondents had to express their attitude towards regulatory framework and working under mediation of the Student Centre. The responses were measured on Likert scale where 1 indicates that the respondent strongly disagrees with the claim, while 5 indicates strong agreement with the claim. The responses were collected for the period from February 21st to March 21st 2018. Overall, the sample consists of 116 responses, out of which 64.65% were females, and 35.35% males (Table 2).

Out of the total sample, as shown in Figure 2, students who work through student centre contract are mostly aged between 20 and 22 years (50%), and from 22 to 24 years of age (26%).

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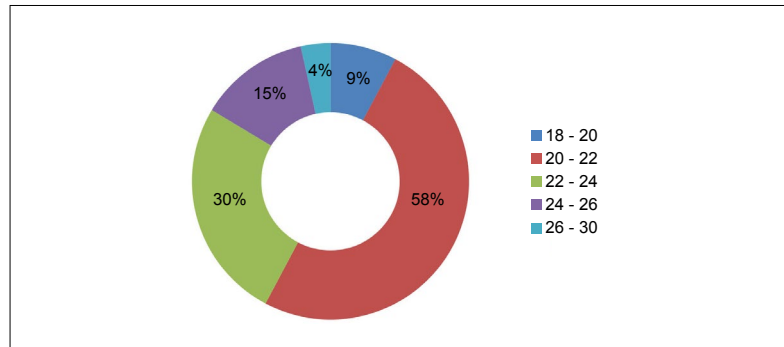
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Table 2 The sample structure according to gender

Gender	Frequency	%
Female	75	64.65
Male	41	35.34
Total	116	100.00

Source: the authors.

Figure 2 The sample structure according to age



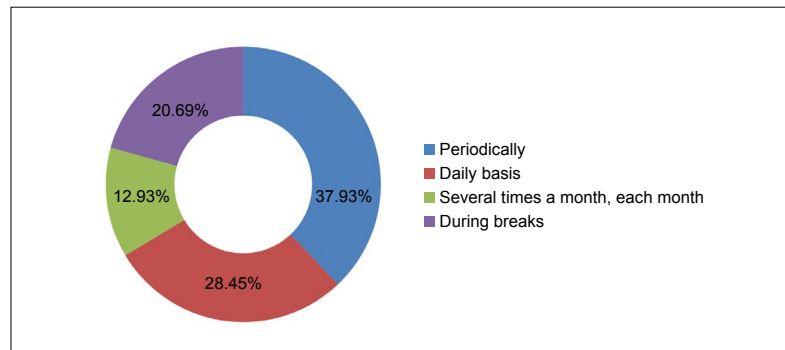
Source: the authors.

Table 3 The sample structure according to the education

Education degree	Frequency	%
High school	75	64.66
Undergraduate professional study	7	6.03
Undergraduate university study	34	29.31
Total	116	100.00

Source: the authors.

Figure 3 The sample structure according to working status



Source: the authors.

Table 4 The sample structure according to the annual income through student contract

Annual income (HRK)	Frequency	%
< 5,000.00	29	25.00
5,001.00 – 10,000.00	32	27.59
10,001.00 – 15,000.00	24	20.69
15,001.00 – 60,600.00	31	26.72
> 60,600.00	0	0.00
Total	116	100.00

Source: the authors.

According to the questionnaire, 64.66% of the sample were undergraduate students, and the rest (35.34%) of them were finishing their graduate education.

When observing working status of the students (Figure 3), most of them (37.93%) occasionally work through a student service, a couple of times a year when good opportunities are shown and 28.45% work on a daily basis. It is noticeable that 20.69% of full-time students work during the summer or winter breaks.

Since the size of annual income is important from the taxation aspects, it can be seen in Table 4 that students pay attention to not exceed the annual limit of 60,600.00 HRK in order to avoid paying

personal income tax.

Tables 5 and 6 contain descriptive statistics for attitudes towards reform of regulatory framework and working under mediation of the Student Centre. Besides mean and standard deviation for the entire sample, same statistics are also reported for various subsamples.

From Tables 5 and 6 it can be seen that average grades for working under mediation of the Student Centre are higher than for reform of regulatory framework meaning that their attitude toward working on a student contract is more positive than the effects of the reform. Students aged between 22 and 24, with annual income below 5,000.00 HRK and with average monthly household earnings

Table 5 Descriptive statistics for attitudes towards reform of regulatory framework for different subsamples and total sample²

Variable	Number of respondents	Attitude towards reform of regulatory framework		
		Mean	Standard deviation	
Gender	Male	41	2.93	0.93
	Female	75	2.57	0.98
Age	18 - 20	9	2.67	1.00
	20 - 22	58	2.77	0.99
	22 - 24	30	3.00	0.79
	24 - 26	15	2.80	1.26
	26 - 30	4	2.75	0.50
Annual income (HRK)	< 5,000	29	3.00	0.53
	5,001 - 10,000	32	2.81	1.00
	10,001 - 15,000	24	2.75	1.00
	15,001 - 60,600	31	2.74	1.21
Average monthly household earnings (HRK)	< 3,000	7	2.57	1.13
	3,001 - 6,000	19	2.74	1.10
	6,001 - 9,000	35	2.89	0.72
	9,001 - 12,000	16	3.19	1.11
	12,001 - 15,000	9	2.67	1.50
Total	> 15,001	30	2.73	0.87
		116	2.83	0.96

Source: the authors.

² Question 'The current tax reform favoured the students' represents attitudes towards reform of regulatory framework.

Table 6 Descriptive statistics for attitudes towards working under mediation of the Student Centre for different subsamples and total sample³

Variable		Number of respondents	Attitude towards reform of regulatory framework	
			Mean	Standard deviation
Gender	Male	41	3.56	1.00
	Female	75	3.52	1.09
Age	18 - 20	9	3.00	0.87
	20 - 22	58	3.64	1.00
	22 - 24	30	3.47	1.11
	24 - 26	15	3.53	1.25
	26 - 30	4	3.75	1.26
	< 5,000	29	3.38	1.01
Annual income (HRK)	5,001 - 10,000	32	3.38	0.79
	10,001 - 15,000	24	3.58	1.06
	15,001 - 60,600	31	3.81	1.30
	< 3,000	7	3.29	0.95
Average monthly household earnings (HRK)	3,001 - 6,000	19	3.53	1.31
	6,001 - 9,000	35	3.26	0.92
	9,001 - 12,000	16	3.69	1.01
	12,001 - 15,000	9	4.11	1.17
	> 15,001	30	3.67	1.03
	Total	116	3.53	1.06

Source: the authors.

between 9,000.00 and 12,000.00 HRK have the most positive attitude towards the reform of regulatory framework.

As Tables 5 and 6 indicate the existence of differences in attitudes, in order to analyse the association between the attitudes of students towards the reform of regulatory framework / working under mediation of the Student Centre and selected factors, such as age, gender, education and earnings, a chi-squared test was performed. Additionally, appropriate measure of association

was calculated to assess the direction and strength of association between the attitudes of students towards the reform/working under mediation of the Student Centre and selected factors.

4. Empirical results and discussion

In order to test for independence between the attitudes of students towards the reform of regulatory framework and selected factors, a chi-squared test was performed. However, as the existence of small expected counts in two-way

Table 7 Tests of independence between the attitudes of students towards the reform of regulatory framework and selected factors

Survey question	Working status	Annual income
The personal income tax reform favoured the students	0.016**	0.022**
The state should be stringent towards employers employing students	0.979	0.874
A student's working hours should not be the individual idea of any employer	0.130	0.033**
Student work is not strictly regulated by law	0.021**	0.075*
It is necessary to legally pass a minimum student working hours	0.576	0.176
Work through a student service should enter into the total work experience of a particular student	0.479	0.396
State stimulus towards employers is relatively small in terms of employment of young people	0.220	0.470

Note: ***,** and * indicate statistical significance at 1, 5 and 10%, respectively.

Source: the authors.

³ Question 'The employer, in accordance with the recommended deadlines, regularly and on a regular basis pays the salary' represents attitudes towards working under mediation of the Student Centre.

Table 8 Measure of association between the attitudes of students towards the reform of regulatory framework and annual income

Survey question	Kendall's τ_B
The personal income tax reform favoured the students	-0.1071
The state should be stringent towards employers employing students	0.0294
A student's working hours should not be the individual idea of any employer	0.0896
Student work is not strictly regulated by law	0.0722
It is necessary to legally pass a minimum student working hours	0.1576
Work through a student service should enter into the total work experience of a particular student	0.1671
State stimulus towards employers is relatively small in terms of employment of young people	0.1605

Source: the authors.

tables invalidates chi-squared approximation, Fisher's exact test p-values (Fisher, 1958.) are reported in Tables 7 and 8.

The results of the performed Fisher's exact test indicate that the attitudes of students towards personal tax reform and the fact that their employment is not strictly regulated by law, depend on working status of the student as well as annual income. Also the attitude that student's working hours should not be the individual idea of any employer depends on annual income.

Additionally, Kendall's τ_B coefficient (Kendal, 1955) was calculated to measure the association between the attitudes of students towards the reform of regulatory framework and annual income⁴.

Given the amount of earnings through student contracts, it can be noticed that there is a moderate positive relationship with attitudes about student minimum working hours, incorporation of work through a student service into the total work experience of a particular student and the fact that state stimulus towards employers is relatively small in terms of employment of young people. This moderate and positive association is straightforward since those who earn through student contracts expect better legal basis since they are included in the labour market but are not protected as other employees under Labour Law. Concerning the negative attitude between annual income and personal income tax reform, it should be mentioned that from 2017 student non-taxable earnings were increased from 50,000.00 HRK to 60,600.00 HRK, but evidently students consider

that this reform did not affect their earnings in favourable direction. This could be due to the fact that scholarships and awards for excellence are a part of tax limit of 15,000.00 HRK.

To test for independence between the attitudes of students towards working under mediation of the Student Centre and selected factors (annual income, age and average monthly household earnings), Fisher's exact test p-values are reported in Table 9.

The results of the performed Fisher's exact test indicate that the attitude that employers usually exceed the permitted working hours of students, and that the student attorney is efficient in terms of protecting students' rights depends on the student age. Also, the attitude that the employer, in accordance with the recommended deadlines, regularly and on a regular basis pays the salary depends on working status, annual income and average monthly household earnings. The appropriateness of working hours only depends on the working status of the students.

Additionally, Kendall's τ_B coefficient (Kendal, 1955) was calculated to measure the association between the attitudes of students towards working under mediation of the Student Centre and selected factors.

Students that earn higher income over student contracts have negative attitude towards working conditions through a student service, efficiency of solving the problems that arise when the employer fails to fulfil the contract, protection of their interest and rights from Student Centre, and the

⁴ Kendall's τ_B coefficient could not be calculated to measure the association between the attitude of students towards tax reform and the working status of the student as it requires a variable that is measured at least on an ordinal scale.

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Table 9 Tests of independence between the attitudes of students towards working under mediation of the Student Centre and selected factors

Survey question	Working status	Annual income	Age	Average monthly household earnings
I'm pleased with working conditions through a student service	0.204	0.223	0.253	0.547
Employers usually exceed the permitted working hours of students (up to 7 hours per day)	0.679	0.439	0.004***	0.155
The Student Centre effectively solves the problems that arise when the employer fails to fulfil the contract	0.466	0.377	0.328	0.292
The Student Centre protects interests and cares about the rights of students	0.496	0.390	0.146	0.158
The student attorney is efficient in terms of protecting students' rights	0.285	0.205	0.078*	0.519
The employer, in accordance with the recommended deadlines, regularly and on a regular basis pays the salary	0.059*	0.039**	0.468	0.076*
I'm pleased with my working hours	0.017**	0.213	0.831	0.392

Note: ***,** and * indicate statistical significance at 1, 5 and 10%, respectively.

Source: the authors.

Table 10 Measure of association between the attitudes of students towards working under mediation of the Student Centre and selected factors

Survey question	Annual income	Age	Average monthly household earnings
I'm pleased with working conditions through a student service	-0.1162	-0.0883	0.0309
Employers usually exceed the permitted working hours of students (up to 7 hours per day)	0.072	0.2049	-0.1677
The Student Centre effectively solves the problems that arise when the employer fails to fulfil the contract	-0.0464	0.1199	0.1625
The Student Centre protects interests and cares about the rights of students	-0.825	0.0034	0.1676
The student attorney is efficient in terms of protecting students' rights	-0.1188	-0.0343	0.1052
The employer, in accordance with the recommended deadlines, regularly and on a regular basis pays the salary	0.1704	0.059	0.1104
I'm pleased with my working hours	0.1827	0.0576	0.0155

Source: the authors.

efficiency of student attorney.

This leads to conclusion that students are not satisfied with current treatment when working under mediation of the Student Centre and the necessity for the reform of regulatory framework is obvious.

5. Conclusion

In the Republic of Croatia, student labour was regulated by the Regulation on intermediaries for employment of full-time students from 1996, and the possibility of taxation of student earnings is arranged by the Law and the Ordinance of

the Personal Income Tax. The Regulation did not change significantly since 1996, however, there are a number of segments that should be more precisely defined and regulated in terms of student labour. Due to this necessity, in March 2017, a working group was appointed to draft a law regulating student labour. Though the draft itself has highlighted a number of things to be regulated, such as whether or not to allow part-time students to work through a student service and similar, the Student Employment Act has not been adopted at the moment of conducting this research. According to the available data, a large number of full-time students simultaneously

study and work. All full-time students have the right to work through a student contract based on the membership in the relevant Student Centre. Student Centres represent intermediaries between employers and students and their occupation is to take care of complying with all the contracts signed by a student during such employment. The Student Centre as a mediator has the right to charge a fee for employment mediation and use its profits to improve the conditions and position of full-time students. Student earnings are not taxable up to the threshold of 60,600.00 HRK, on an annual basis. If students exceed the annual amount and earn more than 60,600.00 HRK, then they must pay personal income tax and surtax. Also, it is important to point out the threshold of 15,000.00 HRK, which refers to tax relief for parents, which is abolished to parents or guardians if a student earns more than this amount each year. The main goal of this paper was to analyse the attitudes of students towards the regulatory framework of student employment, including the personal income tax reform and the necessity for the new Law, and their work under the mediation of the Student Centre. The data from students for the analyses were gathered through

questionnaire in the period from February 21st to March 21st 2018. The main findings are as follows: students aged between 22 and 24, with annual income below 5,000.00 HRK and with average monthly household earnings between 9,000.00 and 12,000.00 HRK have the most positive attitude towards the reform of regulatory framework; students that earn higher income have negative attitude for personal income tax reform since their scholarships and awards are included in a limit of 15,000.00 HRK; students have negative attitude towards working conditions through a student service, efficiency of solving the problems when the employer fails to fulfil the contract and efficiency of student attorney, and protection of their interest and rights from Student Centre. This leads to the general conclusion that students expressed their dissatisfaction with personal income tax reform and the legal framework but the regulatory authorities have already anticipated this problem and have announced the amendments to the Personal Income Tax Law and passed the new Student Employment Act at the moment of finishing this paper.

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