New Labor Legislation in Montenegro
– Labor Law and Proposal of the General Collective Agreement

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A key area of focus in the economic reform process and the design of a favorable business environment is labor market legislation. Montenegro has obviously failed in this area. After nearly 13 years since the beginning of the transition process, or five years since the beginning of Economic reforms, the new Labor Law was passed in July 2003. This is not the only weakness of the labor market reform; more importantly is that the new law did not actually bring any significant changes that would create a more flexible labor market.

Since the General Collective Agreement, which is an important part of labor legislature in Montenegro, must be adjusted to the new Labor Law, the Union has proposed a new Collective agreement. In this paper we will discuss the new Labor Law as well as the adjusted Collective Agreement that was proposed by the union.

New Labor Law in Montenegro

Before we analyze the new Labor Law, let's see how the labor regulation influences the labor market performance.

The OECD has analyzed the link between employment, employment protection and labor market flexibility. For the analysis the Employment Protection Legislation Index[1] was designed, which is based on regulations linked to permanent and temporary work contracts, and collective dismissals. Results of the OECD study of labor markets and regulation in the OECD countries, published in the OECD Outlook in 1999, have shown that strict labor regulations influence the maintenance of the constant level of unemployment, as well as higher unemployment among individual groups of unemployed. According to the OECD report, strict regulations cause higher unemployment rates among females, youth and older males, while prime-age males are in advanced position. Also, in counties that have stricter legislation, the ratio of employed to total population is lower, and the share of self-employed in the total number of employed is higher. Basically, stricter regulations help to maintain existing jobs, and therefore the level of unemployment.

Too much protection is always contra-productive. For example, with foreign trade regime, if customs are too high in order to protect the economy, the result typically finds weak companies unable to compete with companies abroad. One great argument for the Federal Republic of Yugoslavia was stated as: if protection is so good, why did we not develop during the international sanctions when the economy was 100% protected, this was a very good chance. The same argument can be made for the labor market. If protection of jobs is so good, why do people lose their jobs in Montenegro with little

[1] See Appendix 1.

chance of getting a new job? Also, the efficiency of the protection can also be shown in the share of employment in the shadow economy, estimated to be roughly 30%.

The new Labor Law, passed in July 2003, includes a set of very detailed provisions on different aspects of employment, and especially on the rights of employees. On the other hand, there is not a single provision giving the employers rights, but there is a set of provisions giving the employers commitments. For example, the legal terms used in the law clearly point to big differences between employers and employees. For employers, the terms "can" and "have a commitment" are used, while for employees, the law reads, "has a right" and rarely indicates, "have a commitment". So, it might be interpreted that the employer has commitments and no rights. Just to illustrate, there are 40 articles in this law related to the rights of employees, 20 articles on protection of employees and only 17 articles on the commitments of employees (law has 157 articles). Also, there is a list of 48 offenses made by an employer for which the penalty is from 2,500€ - 10,000€. Employees have a list of 10 offenses for which the penalty is up to 40% of the net salary in the period from 1 to 6 months. Also, there are 8 offenses for which the employee can lose his job.

In addition to excluding employers' rights, this law does not provide provisions on confidentiality of information. The only article related to this issue is that an employee cannot work at the same time for a competitive company (Article 107).

The Labor Contract is by its nature a form of contractual relation between employer and employees. But, there is a huge difference between classical contracts and labor contracts. The general principle is that parties have the freedom to sign a contract, and they are free to terminate the contract with a commitment to pay possible damage to the other party. However, if we regard the labor contract as determined in the labor law, the employer is the only party who may be held to compensate for "damage" to an employee if he decides to terminate the contract. On the other hand, the employee can terminate the labor contract without any obligation to compensate for possible damage to the employer. Also, many provisions in the law are unnecessary details that should be left to the employee and employer to agree. This is just a contractual relation determined in advance; there is little an employer can negotiate with an employee. Two basic elements of the labor contract are price (wage) and the term, which is limited by this law. The price of labor is determined in the collective agreement, part related to wages and other compensations. The term of contract is also already determined; there are two types of contract by term -permanent contracts and term-contract, but only in specific listed cases. The economic freedom – freedom of signing contracts, is abused in this way.

One important change that was made in this law is the reduction in severance payment, from 24 to 6 average wages. But, there remains a set of other commitments that an employer must fulfill. Additionally, the employer must communicate to the union, Employment office and workers, and design program how they intend to provide rights to employees. This section of the labor law is one of the most rigid in the whole law.

A second change made to the law is with respect to maternity leave. According to this law, a woman can get a 365-day leave for every child, with full compensation of wage

and paid social insurance contribution. This is less coverage than provided in the previous law, which allowed for 12 months for the first child, 18 months for the second, 24 months for the third, and 12 months for all subsequent children. There is also a set of provisions that protect women's rights, but the bottom line is that all provisions make women less attractive employees.

A general principle of a good law is one that provides a framework while leaving the details to be negotiated between the interested parties, and this is not respected in the new law. Again, this law represents a peace of regulation overburdened with unnecessary details, trying hard to protect the workers.

A general conclusion that can be made is that this law did not bring any significant changes, even when we consider the two listed above. The level of rigidity in the labor market remained the same as in the previous law, this explained in more detail in Appendix 1. The consequences are the maintenance of a high level of unemployment and the incidence of long-term unemployment.

New General Collective agreement

Collective agreement is negotiated between the Government of Montenegro, Chamber of Commerce (represents employers) and the Union (represents workers). Although the companies are obliged to pay a contribution to the Chamber of Commerce (0.32% from gross salary of every worker) it is questionable how the Chamber of Commerce can represent companies in this negotiation process, and who provided the mandate. This is especially questionable when knowing the different business associations that exist in Montenegro. On the other hand, the Union representation of workers is also questionable. Not all workers, although they pay a contribution to the union (0.2% of gross salary), are members of the union. Internationally, the Unions "achievements" is only valid for union members. Thus, the validity of the Collective Agreement for companies and individuals can be disputed.

General comments made by businesses on the previous legislation, and especially the Collective agreement, which deals in a great measure with the labor cost, is that the cost of labor is too high. The Union proposed Collective Agreement makes a bad situation worse.

When we discuss the proposal of the Collective Agreement, it seems that the trade union did not put too much effort in outlining the new, adjusted to labor law, collective agreement. Namely, this proposal of a new collective agreement was already submitted by the union in 2000 and was rejected then, being seen as unrealistic. It is not understood why the union would think that the proposal would be suitable now.

The key part of the Collective Agreement is related to salaries and other benefits of employees, especially the minimum wage concept. The minimum wage policy in Montenegro goes beyond the standard provisions as a social policy measure aimed at protecting the most vulnerable part of the labor force, and has many more far-reaching consequences for the economy that are not commonly found in other countries. The

reasoning behind the minimum wage regulation is to protect workers with low qualifications in certain industries in which the salaries are extremely low.

In[2] Montenegro, the minimum wage regulation was introduced in 1990[3] in the framework of the Collective Agreement[4] and is used as a benchmark for setting salaries in the economy. In the Collective Agreement (CA), signed by the Government, Chamber of Commerce and the Trade Union Alliance, the minimum wage is defined as a monthly salary for the simplest, full time work (basically for unqualified workers). In addition to this standard provision, the CA contains details on the so-called "coefficient system" that determines how wages are set in the economy. Coefficients are related to specific levels of education and determine the minimum wage for employees with these education levels in relation to the general minimum wage set by law. For example, for unqualified (elementary school only) workers the coefficient is 1, meaning that their minimum wage is equal to the general minimum wage.

The true danger from a minimum wage is that it is almost universally used in the economy as a parameter for setting salaries. There are several large and profitable companies in the economy that actually have higher wages than the minimum, and they are not influenced by the minimum wage. Public administration, education, and health employees (all financed from the budget) are directly influenced by changes in the level of minimum wage, as are a large share of private sector employees that register minimum amounts of salaries.

An increase in the minimum wage would certainly raise wage and salaries expenditures from the budget. In parallel, due to the described mechanism, the minimum wage increase will also raise the tax burden in the private sector (increase in the tax base) and consequently increase the cost of labor.

In the new Collective agreement, the union has proposed a new methodology on how to set a minimum wage. According to the union, the minimum wage should be agreed to among three parties on a monthly basis, based on following:

- Average 176 working hours in the month
- Existential and social needs of employee and its family, according to a level of development in the republic
- Achieved, estimated or projected share of earnings in GDP
- Cost of living and changes in these costs

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[2] See more details in paper "Minimum wage in Montenegro – a dangerous concept"- MONET 13, 2003

[3] Up to 1990, wages were calculated based on the so-called 'wage points'. Wage points in socially owned, self-governed companies were determined by the workers' assembly. Namely, besides the management, the representatives of workers had their input in running the companies. By looking at the company's profits this assembly made decision on the value of one wage point. Every working position was assigned a certain amount of points, and the salary was obtained as the product of the number of points and the value of the point.

[4] The Collective Agreement contains the detailed regulations with regard to rights and obligations of the employees, specifically with regard to salaries

- Economic factors: changes in level of output and labor productivity, needs and increase in level of employment.

This determination of minimum wage is rather imprecise and would be very difficult to use as a criteria for determination of wage. In the last position is labor productivity and cost of living. How do we assess the needs of a worker and his family or how to use the share of salaries in the projected GDP as a parameter for wage adjustment? These are very difficult questions, and probably are without answer. According to the existing Collective Agreement, minimum wage adjustments should be made based on changes in the Cost of Living Index and increases in production. However, every change in the minimum wage thus far has been due to political pressure from the union rather than economic reasons. Maybe, the union, by giving such imprecise criteria, would like to assure space for further pressure.

An additional provision on the minimum wage adjustment is that the minimum wage should be increased immediately when the increase in cost of living from the latest adjustment exceeds 3%, by the same rate. Also, when the Collective agreement is negotiated between three parties, the minimum wage should be adjusted according to the listed criteria.

In addition to this new methodology for minimum wage, the Union has proposed new coefficients as well as changes in the level of additional benefits that employees receive.

Table 1 provides a comparison between existing coefficients and the newly proposed coefficients.

Table 1. Higher coefficients proposed by the union

Qualification (education)	Existing coefficients	Proposal	Change in coefficients %	Change in total labor[5] cost %	Change in disposable income %
Unqualified work	1.00	1.00	0	35.4	48.7
Qualification 6 months	1.20	1.28	6.7	35.9	47.9
Qualification from 6 months to 2 years	1.50	1.58	5.3	30.3	40.9
High school education (2 - 3 years)- qualified worker	1.65	1.97	19.4	39.7	55.8
High school education (4 years) - qualified worker	1.85	2.20	18.9	37.6	46.6
High school education (4 years) with specialization	1.90	2.54	33.7	49.3	55.6
College education - 2 years	2.20	2.83	28.6	43.2	50.1
College education - 4 years	2.70	3.37	24.8	37.6	48.4
Master degree	2.95	3.56	20.7	33.0	42.7
Doctorate	3.20	4.00	25.0	36.0	45.1

Source: Alliance of Independent Trade Unions, ISSP calculations

[5] Total labor cost includes net salary, taxes and all contributions paid on it, and all other payment to employees.

The change in total labor cost, due to this change and the change in additional benefits, is from 30 to 40%, depending on the level of education. The change in disposable income is from 40 to 55%, also depending on the level of income. The only category of workers that has the same coefficient is the unqualified worker, but they do receive an increase due to the change in additional benefits.

Besides having a minimum wage again and the coefficient system, the Union has proposed an increase in other benefits to employees, as well as the introduction of some new types of benefits. The proposed changes are shown in Table 2.

Table 2: Comparison of existing and proposed benefits to employees

	Existing CA	**Proposal**
Summer allowance	3 minimum wages (150€)	4 minimum wages (200€)
Winter allowances	0 (not an obligation)	4 minimum wages (200€)
Retirement of workers	6 minimum wages (300€)	10 minimum wages (500€)
Activity interruption-if the worker is not responsible for the interruption the employer shall pay	50% of the employee's wage	80% of the employee's wage
Transport	Half of the cost	Full cost of transport
Meal allowance	1/2 minimum wage	1 minimum wage
Insurance	No obligation	The employer should subscribe to a collective insurance policy to provide benefits in case of death, or accident linked to professional and private circumstances
Contributions to unions	0.2% of gross wage	0.3% of gross wages
Awards	Employees are entitled for awards after 10, 20 and 30 years of work, not less than 2 minimum wages.	10 years of work – 3 minimum wages 20 years of work – 5 minimum wages 30 years of work – 7 minimum wages 39 years of work – 9 minimum wages
Housing allowance	No obligation	Compulsory payment in the housing fund for employees, not less than 2% of total revenues achieved in previous year

Source: General Collective Agreement, 1995, Proposal for the new General Collective Agreement

There is no economic reasoning behind the new amounts that have been selected. For example, a person earning minimum wage will get the same amount in the form of a meal allowance, so pay and additional benefits are equal. Also, the provision on compulsory payment of 2% of total revenues from the previous year into a fund for providing accommodation to employees is not suitable for businesses, especially not for small businesses.

These additional benefits place tremendous pressure on employers, especially when having in mind that they will become taxable in the next year. It is questionable, how many businesses will be able to operate profitably under these conditions.

In Table 3, the minimum cost of an employee with a university degree under the existing collective agreement and the proposed agreement is shown.

Table 3. Total cost of employer for employee with University degree

Example - employee with University degree		Old CA (in €)	CA Proposal (in €)	%change
1. Net salary		**149.72**	**184.29**	**23.1%**
2. Gross salary		**221.32**	**276.20**	**24.8%**
3. Employees share of contributions		***71.60***	***91.91***	***28.4%***
3.1. PIO	12%	26.56	33.14	24.8%
3.2. Health care	7.50%	16.60	20.72	24.8%
3.3. Unemployment	0.50%	1.11	1.38	24.8%
3.4. PIT	0-25%	27.34	36.67	34.1%
4. Employers share of contributions		***52.33***	***65.58***	***24.8%***
4.1. PIO	12%	26.56	33.14	24.8%
4.2. Health care	7.50%	16.60	20.72	24.8%
4.3.Unemployment	0.50%	1.11	1.38	24.8%
4.4. Compensation for use of goods of common interest	3%	6.64	8.29	24.8%
4.5. Chamber of commerce	0.32%	0.71	0.88	24.8%
4.6. Yugoslav Chamber of Commerce	0.125%	0.28	0.35	24.8%
4.7. Alliance of Independent Trade Unions	0.20%	0.44	0.83	24.8%
5. Total taxes and contributions (3+4)		***123.94***	***157.49***	***26.9%***
6. Total wage cost (1+3+4 or 2+4)		***273.65***	***341.78***	***24.8%***
7. Meal allowance		***25***	***50***	***100.0%***
8. Summer allowance[6]		***12.5***	***16.7***	***33.4%***
9. Winter allowance		***0***	***16.7***	***-***
10. Transportation cost		***5***	***10***	***100.0%***
11. Disposable income from job		**192.2**	**285.2**	**48.4%**
12. Total labor cost (6+7+8+9+10)		**316.15**	**435.15**	**37.6%**

Source: General Collective Agreement, 1995, Proposal for the new General Collective Agreement and ISSP calculation

The proposal for the Collective Agreement is a rather generous one, from the workers perspective. The only question is, can employers afford it.

The General Collective Agreement, in general, is a bad idea. If this agreement is adopted, it is questionable how the Government will succeed in reaching its goal to increase employment and decrease the shadow economy employment. It is not up to the government to decide how much companies will pay their workers.

The proposal the Union has made can easily be called a wish list, and when it comes to the commitment of employers to provide basic conditions for union functioning, we have to question, are employers able to fulfill these wishes?

[6] This benefit, although paid once a year, has been divided by 12 in order to assess an average monthly cost. The same is true for the winter allowance.

Conclusion

Judging by these two regulations, Montenegrin businesses will face difficult times. The Labor Law does not provide any deregulation on the labor market. It is too detailed and does not take into account the employer's side. The Collective Agreement is unnecessary; everything that is determined in it could be left to the discretion and negotiation between employers and employees.

Why does the Montenegrin labor market, or labor markets in general, need to be reformed? As an answer to this question, a quote from IMF World Economic Outlook[7] published in April 2003 (these conclusions are result of the OECD studies on labor market institutions and IMF's Global Economy Model[8]):

"First, comprehensive and pro-competitive reforms can generate substantial gains… well-designed labor reforms could produce output gains of bout 5 percent and a fall in unemployment rate of about 3 percentage points....

Second, reforms need to be comprehensive; partial reforms can be less effective, especially when the labor is uncompetitive.

Third, when the labor markets are more competitive, the economy reacts more quickly and smoothly to changes in interest rates. This facilitates the task of monetary authorities; in particular, smaller changes in interest rates – and therefore output – are necessary to stabilize inflation in the face of shocks."

Appendix 1. Employment Protection Legislation Index for Montenegro

Before calculating the value of Employment protection index for Montenegro, let's see what this indicator is. Employment Protection Legislation Index (EPL) is a weighted average of 22 different indicators, which describe different aspects of labor contracts, both permanent and temporary, and collective dismissals.

[7] Chapter IV: Unemployment and Labor Market Institutions: Why Reforms Pay Off (http://www.imf.org/external/pubs/ft/weo/2003/01/index.htm)

[8] GEM-macroeconomic model incorporating a rigorous characterization of labor and product market imperfections

In Table 1 there are 22 indicators divided in three groups (level 3): 1) indicators that describe legislation related to permanent employment, 2) indicators that describe temporary employment regulations, and 3) indicators that describe procedure related to a collective dismissals procedure. These broad groups are divided into subgroups (level 2), and every subgroup includes several individual indicators (level 1).

Table1: Construction of Employment Protection Legislation Index

Level 4	Level 3	Level 2	Level 1	
EPL Index	RC Regular contracts (5/12)	**RC1** Procedure (1/3)	Procedure	(1/2)
			Delay to start a notice	(1/2)
		RC2 Notice and severance pay for no-fault individual dismissals (1/3)	Notice period after 9 months	(1/7)
			Notice period after 4 years	(1/7)
			Notice period after 20 years	(1/7)
			Severance pay after 9 months	(4/21)
			Severance pay after 4 years	(4/21)
			Severance pay after 20 years	(4/21)
		RC3 Difficulty of dismissal (1/3)	Definition of unfair dismissal	(1/4)
			Trial period	(1/4)
			Compensation	(1/4)
			Reinstatement	(1/4)
	TC Temporary contracts (5/12)	**TC1** Fixed-term contracts (1/2)	Valid cases other than objective	(1/2)
			Max number of successive contracts	(1/4)
			Max cumulated duration	(1/4)
		TC2 Temporary Work Agency (1/2)	Types of work for which is legal	(1/2)
			Restrictions on the number of renewal	(1/4)
			Max cumulated duration	(1/4)
	CD Collective dismissals (2/12)		Definition of collective dismissal	(1/4)
			Additional notification requirements	(1/4)
			Additional delays involved	(1/4)
			Other special costs to employer	(1/4)

Source: OECD

Since the indicators are expressed in different units, they have to be standardized. All indicators are re-valuated using a unique scale from 0 (very flexible regulative) to 6 (very strict regulative), as is shown in Table 2.

Table 2: Employment Protection Index: Conversion Into a Common Scale

Code	Original unit	0	1	2	3	4	5	6
				Individual dismissals				
RC1A	Scale (0-3)			Scale (0-3)*2				
RC1B	Days	0-2	<10	<18	<26	<35	<45	≥45
RC2A1	Months	0	≤0.4	≤0.8	≤1.2	<1.6	<2	≥2
RC2A2	Months	0	≤0.75	≤1.25	<2	<2.5	<3.5	≥3.5
RC2A3	Months	<3	≤2.75	≤5	≤7	≤9	>11	<11
RCB1	Months	0	≤0.5	≤1	≤1.75	≤2.5	<3	≥3
RCB2	Months	0	≤0.5	≤1	≤2	≤3	<4	≥4
RCB3	Months	0	≤3	≤6	≤10	≤12	≤18	>18
RC3A	Scale (0-3)			Scale (0-3)*2				

RC3B	Months	≥24	>12	>9	>5	>2.5	>1.5	<1.5
RC3C	Months	≤13	≤8	≤12	≤18	≤24	≤30	>30
RC3D	Scale (0-3)			Scale (0-3)*2				
				Temporary dismissals				
TC1A	Scale (0-3)			Scale (0-3)*2				
TC1B	Number	No limit	≥5	≥4	≥3	≥2	≥1.5	<1.5
TC1C	Months	No limit	≥36	≥30	≥24	≥18	≥12	<12
TC2A	Scale (0-4)			Scale (0-4)*6/4				
TC2B	Yes/No			No		Yes or TC2A=0		
TC2C	Months	No limit	≥36	≥24	≥18	≥12	>6	≤6 or TC2A=0
				Collective dismissals				
CD1	Scale (0-4)			Scale (0-4)*6/4				
CD2	Scale (0-2			Scale (0-2)*3				
CD3	Days	0	<25	<30	<50	<70	<90	>90
CD4	Scale (0-4)			Scale (0-2)*3				

Source: OECD

In brief, Employment protection Index is constructed as follows:

- Calculation of individual indicators
- Re-scaling of indicators using the conversion in Table 2
- Aggregation in 3 steps from levels 1 to 4 using the weights described in Table 1.

As a result, countries with more flexible labor regulations have lower total EPL Index (between 0 and 1), and countries with very strict regulations have high value of index (between 5 and 6).

The Labor Law, which was passed in July 2003, served as a base for calculating the Employment Protection Index. The main goal behind the new labor law was to deregulate the labor market. The Government's success in this can be concluded from the EPL index that remained the same for the old law and the new one. The value of the EPL index for Montenegro is 3.1, meaning that Montenegro belongs in the group of countries with stricter labor regulations. Table 3, below, presents values of indicators by individual questions.

If we observe the individual indicators, the situation is a little different. For regular dismissals, the value of the index is 3.2 and the regulative is in the range of a more strict regulation. A regulation related to temporary jobs and dismissals is not so strict with an index value of 2.3. But, when it comes to collective dismissals, which is a main tool for employers to react to economies in recession, legislation in Montenegro is very strict.

Appendix 2: Comparative indicators of employment protection

Table 3. Indicators of level of protection in case of regular dismissal

	Usual dismissal procedures (scale 0-3)	**Delay to start a notice (in days)**	**Notice period after**			**Severance payment after**			**Definition of unfair dismissal (scale 0-3)**	**Trial period (in Months)**	**Compensation for unfair dismissal after 20 y. of work (number of salaries)**	**Reinstatement (scale 0-3)**
			9 Months of work	4 years of work	20 years of work	9 Months of work	4 years of work	20 years of work				
Montenegro	**1**	**90**	**1**	**1**	**1**	**0**	**6**	**6**	**2**	**6**	**6**	**1**
Croatia	2	7	0.5	2	6	0	2	10	2	6	18	2
Czech Rep.	2	7	2	2.5	2.5	1	1	1	2	3	8	2
Estonija	2	1	2	2	4	2	2	4	1.5	1	6	3

Slovenia	2	9	1	2	4	0	0.8	6.7	2	1.3	12	2
France	1.8	12	1	2	2	0	0.4	2.7	1.5	1.6	15	0
Germany	2.5	17	1	1	7	0	0	0	2	6	24	1.5
Switzerland	0.5	1	1	2	3	0	0	2	0	2	6	0
USA	0	1	0	0	0	0	0	0	0	..	..	0.5
Canada	0	1	0.5	0.5	0.5	0	0.2	1.3	0	3	..	1
Japan	1.5	3	1	1	0	0	1.5	4	2	..	26	2

Table 4. Regulative of temporary employment

	Term contracts			**Temporary Work Agencies (TWA)**		
	Cases in which they can be used (except for usual objective reasons) (scale 0-3)	**Max number of successive contracts**	**Max total duration of successive contracts (in Months)**	**Type of services that Agency can provide (scale 0-4)**	**Limitation in number of successive contracts (yes/no)**	**Max total duration of successive contracts (in Months)**
Montenegro	**0**	**no limits**	**9**	**-**	**-**	**-**
Croatia	1	no limits	36	..	..	..
Czech Rep.	2.5	no limits	no limits	4	no	no limits
Estonija	1	no limits	60	4	no	no limits
Slovenia	2.5	no limits	36	4	no	no limits
France	1	2	18	2	yes	18
Germany	2.5	4	24	3	yes	12
Switzerland	3	1.5	no limits	4	no	no limits
USA	3	no limits	no limits	4	no	no limits
Canada	3	no limits	no limits	4	no	no limits
Japan	2.5	2.5	no limits	2	yes	36

Table 5. Regulative of collective dismissals

	Definition of collective dismissal (scale 0-4)	**Additional notification requirements (scale 0-2)**	**Delay to start a notice (in days)**	**Other additional employers costs (scale 0-2)**
Montenegro	**4**	**2**	**90**	**1**
Croatia	4	2	90	1
Czech Rep.	4	2	83	0
Estonija	3	2	46	1
Slovenia	4	2	45	1.5
France	3	0	22	1
Germany	3	1	28	1
Switzerland	3	2	29	1
USA	1	2	59	0
Canada	1	2	111	0
Japan	2	1	0	0

Sources: OECD- Employment Outlook, Paris, 2000; World Bank- Labor, Employment and Social Policies in the EU Enlargement Process, Washington, 2002. ; Government of Montenegro-Labor Law, 2003

Table 6. Aggregated indicators of employment legislation rigidity

	Regulative of permanent employment (scale 0-6)	**Regulative of temporary employment (scale 0-6)**	**Regulative of collective dismissals (scale 0-6)**	**Employment Protection Legislation Index – EPL Index (scale 0-6)**

	Index	*Index*	*Index*	*Index*
Montenegro	**3.2**	**2.3**	**5.0**	**3.1**
Croatia	2.8	3.9	5.0	3.6
Czech Rep.	2.8	0.5	4.3	2.1
Estonija	3.1	1.4	4.1	2.6
Slovenia	2.9	0.6	4.9	2.3
France	2.3	3.6	2.1	2.8
Germany	2.8	2.3	3.1	2.6
Switzerland	1.2	0.9	3.9	1.5
USA	0.2	0.3	2.0	0.7
Canada	0.9	0.3	3.4	1.1
Japan	2.7	2.1	2.1	2.1

Sources: OECD- "Employment Outlook", Paris, 2000; World Bank- "Labor, Employment and Social Policies in the EU Enlargement Process", Washington, 2002; Government of Montenegro-Labor Law, 2003

Reference:

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