

Will you still prefer to employ a student?

Until now, employing students using temporary agreements has been very beneficial for both students and employers. However, changes in the law on social insurance, as well as proposed changes to the Labor Code, will restrict the benefits of such agreements outside of regular employment. The accepted and planned changes affect not only the agreements themselves, but also the employment of students by employers who have trained them and tested them in the workplace.

An agreement on work performed outside an employment relationship can be signed only with a person who has student status. The Labor Code did not previously define what qualifies as "student status", which worked to increase employment opportunities. At present, however, Act No. 252/2012 Coll. states that such agreements can henceforth be offered only to students at secondary schools or to full-time university students, and then only to those who have not yet reached 26. Any student who is 26 can be employed via an agreement only until the end of the calendar year in which he or she reaches that age. This fact is a disadvantage for older students, who may pass the age limit because they started higher education late or they are continuing with doctoral studies. Another limit is the requirement that students study full-time.

This was not a requirement in the past, so students could enter into this kind of agreement while studying part-time.

Despite narrowing the scope of benefits by changes in employment legislation, employment of pupils and students seems to remain quite favorable.

Unlike those employed normally, for whom there is an obligation to pay social and health insurance contributions, students and their employers did not need to pay contributions. As a result, the cost of their employment

was greatly reduced and their income correspondingly higher. It should be noted that this benefit is one of the main reasons for the frequent use of work agreements. This is a "luxury" that neither employers nor students will be able to use from now on. From January 2013, students will need to pay insurance premiums towards old-age pensions, though they will only pay 29.8% of the normal rate. Increased contributions will not be paid by secondary school students younger than 18, provided that their monthly income from student work does not exceed €66, and by university students during work experience and training. Contributions will be paid by students and their employers. The adopted changes will therefore be reflected in lower income for students and higher costs for employers when employing students. Compared with regular part-time employment, students will still remain "cheaper" due to the lower costs of contributions.

According to the current Labor Code, if an employer takes part in the practical training of a high school or vocational students, he must hire those students who successfully complete their studies. An employer may refuse to offer an employment contract

if such a student is not suitable for the job because of a change in the business conditions of the employer. On the other hand, the employer has the opportunity to sign an agreement with a student engaged in practical training by which the student, after successful completion of study, agrees to accept employment with that employer or pay reasonable costs incurred by the employer in his or her practical training. Employers thus have a chance to keep hold of skilled students and invest in them by giving them proper training in a real work environment. This helps ensure that after graduation the employer will get fully qualified employees.

The proposed amendment to the Labor Code submitted to Parliament on August 23, 2012, would remove the option of making an agreement with a student by which the employer could be paid when an employment contract is not ultimately signed. This may affect employers in their choice of employees and their attitude towards providing students with practical training. Students by nature lack practical experience and, compared with people who have relevant experience, are discriminated against in the labor market. I believe, therefore, that the proposed amendment could negatively affect employers and employees, as well as young people looking for employment. Taking a global view, however, the employment of students remains quite favorable for employers, although the extent of the benefits is limited by this new legislation.



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