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# **Good Employment Contract and What to Focus on**

**The Current Slovak Labour Market  
and Employee Motivation**

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Hotel Holiday Inn, Bratislava

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- A. Regulation
- B. Mandatory terms of an employment contract
- C. Other common clauses and their sense from the employer's point of view
- D. Most frequent mistakes in drafting employment contracts

# A. REGULATION

## A1. Essential laws

- ❖ Act No. 311/2001 Coll. Labour Code
- ❖ Last amendment effective as of September 2007 – significant changes in favor of employees
- ❖ possibility to agree on conditions of employment more favorable to employees than the requirements of the Labour Code

# A. REGULATION

## A2. Choice of a type of contract

- ❖ dependent work: employment contract vs. cooperation with independent entrepreneur
- ❖ agreements on work performed outside an employment relationship article 223 and foll.:
  - Agreement on work of a student – student status
  - Agreement on work performance – 350 hours per year maximum, only assignments determined by their result
  - Agreement on work activity – 10 hours per week
- ❖ personal leasing – Temporary work agencies

# A. REGULATION

## A3. Form of employment contract

- ❖ Letter of intent – not regulated by the Slovak Labour Code
  - hiring foreigners – Act on employment services
  - citizens of EU, EEA, CH: no working permit required

### Form of an employment contract

- ❖ written form
- ❖ Slovak language

# A. REGULATION

## A4. Types of employment relations

- ❖ managers vs. other employees – differences when drafting an employment contract
- ❖ managers under a direct managing authority of statutory body: appointed to their function
- ❖ definite period of time - limited to 3 years with certain exceptions
- ❖ reduced working hours for less than 15 hours per week

## B. MANDATORY TERMS OF EMPLOYMENT CONTRACT

### B1. Essential terms of an employment contract

- ❖ job title and brief description
- ❖ place of work
- ❖ day of commencement of work
- ❖ salary conditions (unless agreed in a collective agreement)

## B. MANDATORY TERMS OF EMPLOYMENT CONTRACT

### B2. Regular terms

- ❖ payment terms
- ❖ working hours – length and schedule
- ❖ annual leave – 4 weeks as a general rule
- ❖ notice period – 2 months (3 months)
- ❖ if not agreed in the contract – mandatory written notification within 1 month

## B. MANDATORY TERMS OF EMPLOYMENT CONTRACT

### B3. Drafting an employment contract

- ❖ key problem – sufficiently precise clauses while saving the broad scope of employer's disposition right
- ❖ an imprecise legal act is null and void
- ❖ change of agreed content of the contract – agreement of both parties required
- ❖ agree on a possibility of assigning employee on a business trip

## B. MANDATORY TERMS OF EMPLOYMENT CONTRACT

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### B4. Salary conditions

- ❖ agreement on salary conditions in the contract - in majority of cases indication of gross monthly salary might not be sufficient
  - form of the remuneration of employees
  - a sum of the basic components of the salary
  - other salary components and conditions of their payment

## B. MANDATORY TERMS OF EMPLOYMENT CONTRACT

### B4. Salary conditions

- ❖ minimum salary ≠ minimum salary classes based on a type of work
- ❖ prohibition of discrimination – equal work and work of equal value employer should set objective criteria in evaluation system

## C. OTHER CLAUSES

### C1. Probationary period

- ❖ possibility to terminate employment relationship without giving any reason
- ❖ in writing in employment contract
- ❖ 3 months maximum
- ❖ may not be agreed repeatedly for consecutive employment contracts for a definite period

## C. OTHER CLAUSES

### C.2 Overtime work and its remuneration as a part of basic salary

- ❖ limits of overtime – upon an employer's instruction - 150 hours per year
- ❖ for serious reasons: supplementary 250 hours of overtime
- ❖ the salary bonus for overtime may be included in basic salary only for certain categories of employees

## C. OTHER CLAUSES

### C3. Other benefits – motivation for employees

- ❖ way to motivate employees
- ❖ car, mobile phone, notebook
- ❖ contribution to supplementary retirement savings

Define the Rules of their use

## C. OTHER CLAUSES

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### C4. Non-Competition clauses

- ❖ prohibition of exploiting an identical scope of business, consent required
- ❖ financial penalties in employment contracts – not allowed by Labour Code
- ❖ new remedy - financial compensation if the employee does not respect the notice period

## D. MOST FREQUENT MISTAKES IN DRAFTING EMPLOYMENT CONTRACTS

- ❖ signing the employment contract after the employee already started working
- ❖ breach of obligations regarding registration for social insurance, obligatory medical examination of an employee
- ❖ failure to agree on some mandatory terms, unclear wording
- ❖ salary including bonus for overtime work exceeds the allowed limit
- ❖ Labour Inspection – broad authority
- ❖ failure to respect any labor law regulation - fine of up to 1 million SKK



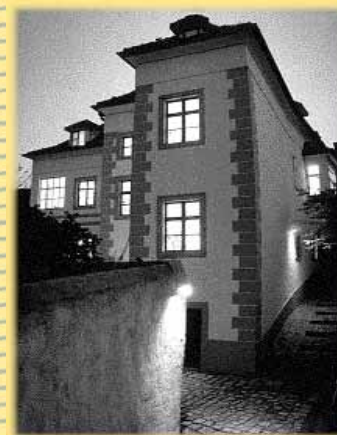
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