



Industrial relations and social dialogue
**Croatia: Developments in
working life 2022**

Authors: Predrag Bejaković (Faculty of Economics, Business and Tourism, University of Split) and Irena Klemenčić (Faculty of Law, University of Zagreb)

Research manager: Christine Aumayr-Pintar

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European Foundation for the Improvement of Living and Working Conditions

Telephone: (+353 1) 204 31 00

Email: information@eurofound.europa.eu

Web: www.eurofound.europa.eu

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Introduction

One should not forget, that next to the COVID-19 pandemic, Croatia experienced two serious earthquakes in 2020 which had very adverse economic and social consequences. The compounded effects of the COVID-19 pandemic and the earthquakes had a significant impact on vulnerable populations and overall. The consequences of the earthquake - in addition to the COVID-19 pandemic and inflation pressure - increased poverty in several ways, including the sudden loss of assets (houses) and capital, the reduction of income due to damaged infrastructure and loss of employment and production capacity, the closing of schools, and so on.

Despite the COVID-19 pandemic and problems related to the war in Ukraine, the trends on the labour market in Croatia in 2022 were quite positive with further decrease in the number of unemployed people. At the end of October 2022, there were 112,127 people in the register of unemployed people, 11,318 less than in October 2021 (Hrvatski zavod za zapošljavanje, 2022). Consequently, in October 2022 unemployment decreased by 9.2% as compared to the same month of 2021. Out of the total number of unemployed people in October 2022, 42.9% were men and 57.1% were women. The number of unemployed men decreased by 12.4% while the number of unemployed women decreased by 6.6% in comparison to the same month 2020. According to the Labour Force Survey (LFS), unemployment rate in Croatia for the second quarter of 2022 was 6.8% or 1.2% lower in comparison with 8.0% in the same period in 2021.

The positive trend of the labour market was primarily caused by the significant increase in the gross domestic product (GDP). In the second quarter of 2022, the GDP was 7.7% higher than in the same quarter of 2021, while the quarterly gross value added (GVA) increased in real terms by 8.8% in the second quarter of 2022, as compared to the same period of 2021, based on non-seasonally adjusted data. (The Croatian Bureau of Statistics, 2022a).

For the second quarter of 2022, the average monthly net earnings per person in Croatia compared to the same period of 2021, showed a nominal increase of 7.4% and a real decrease of 3.1%. For the third quarter of 2022, the average monthly net earnings per person in Croatia, compared to the same period of 2021, recorded a nominal increase of 7.5% and a real decrease of 4.4% (Croatian Bureau of Statistics, 2022b).

As a consequence of the war in Ukraine, due to the crisis and inflationary pressures, there was a large increase in the prices of certain products used by every household, which the government tried to mitigate. More than 20,000 Ukrainian refugees, of whom 85% are women and children, have arrived in Croatia. Croatian people, the government and responsible institutions (primarily Croatian Red Cross Services) have them provided humanitarian aid, information, psychosocial support and family tracing. While children began with education in the regular school system, adult persons learned Croatia language and started to work. In 2022 (OG 151/22) there were further amendments to the Labour Act, which entered into force on 1 January 2023. The most important changes are related to better stipulation of work from home and mandatory increase of payment for 50% for the work on Sunday. The right to an unpaid leave of five days a year to provide personal care to a family or household member and the right to be absent from work for one day due to urgent family reasons are also being introduced. The Act regulates a new form of work, through digital work platforms (e.g., Glovo, Bolt, Uber, etc.), in order to protect people employed in this way, but also to

promote this new form of work, which already exists on the market. This part of the Act will enter into force on 1 January 2024.

Political context

The government's job-preserving policy, by keeping a stable labour market, and various other measures which have enabled a further growth of the average wage, have contributed to the economic recovery and a relatively large increase in personal consumption. Substantial EU funds are available for recovery. Croatia has submitted a National Recovery and Resilience Plan (NRRP) ([*Nacionalni plan oporavka i otpornosti*](#)) for absorbing €6.4 billion worth of grants, focusing on the green and digital transition. The Croatian NRRP 2021-2026 contains 76 reforms and 146 investments. The government believes it is a key to Croatian economic recovery, increasing resilience to future crises, and overall development in the coming years. It has five components and one initiative: the business sector, public administration, justice and state assets; education, science and research; labour market and social protection; health; and the initiative "Reconstruction of buildings" which is important because Croatia suffered two serious earthquakes in 2020.

Next to changes of some Ministers in the government there were no significant political events in Croatia, except the preparation for the introduction of the euro and entry into the Schengen area on 1 January 2023. Croatian citizens and entrepreneurs will have concrete, direct and lasting benefits from Croatia's joining the euro area. Currency risk will be largely eliminated, Croatia will become more attractive to investors and more secure in times of crisis (Croatian National Bank, 2022). The Croatian entry into Schengen area means that border controls are abolished at land and sea crossings, and in the spring 2023 at airports. Without doubt it brings significant bonuses for visitors to Croatia, like the elimination of border checks with neighbouring Schengen countries.

Consumer prices in Croatia increased by 13.1% in December 2022, while inflation for the entire year was 10.8%. Compared with December 2021, the prices of food and non-alcoholic beverages increased the most, by 19% on average, followed by the prices of restaurant and hotel services (+17.1%) (Croatian Bureau of Statistics, 2023). There has there been no social unrest as a direct consequence of the rising cost of living, while the government limited the prices of some basic food items and introduced energy price control for households and selected businesses (see Governmental responses to inflation).

Actors, institutions and processes

Social partners

There are still 3 representative trade union federations: the Union of Autonomous Trade Unions of Croatia (*Savez samostalnih sindikata Hrvatske*), the Independent Trade Unions of Croatia (*Nezavisni hrvatski sindikati*), and MATICA – Association of Croatian Trade Unions (*Matica hrvatskih sindikata*). On the employers' side there is only one association: Croatian Employers' Association (CEA). The CEA assembles more than 5,000 companies that employ more than 50% of workers in the private sector, or close to 400,000 workers. The Tourism and Services Trade Union of Croatia (*Sindikata turizma i ugostiteljstva Hrvatske* - STUH) at its 12th congress adopted the Resolution on the unification of the Tourism and Services Trade Union of Croatia and Trade Union of the Employed in Agriculture, Food and Tobacco Industry and Water Resources Management of Croatia (*Sindikata zaposlenih u poljoprivredi, prehrambenoj i duhanskoj industriji i vodoprivedi Hrvatske* - PPDIV). PPDIV earlier in 2022 announced close and related activities with STUH. Consolidation of the trade union scene is an important factor in the advancement and creation of economic and social movements in society, and PPDIV found its first partner in STUH. Both unions are in the process of forming a working group to coordinate further activities regarding the preparation of the integration of the two unions. The appointed working groups will meet at the beginning of 2023 and determine the course of further activities (SSSH, 2022a).

The Union of Autonomous Trade Unions of Croatia (UATUC) on 15 July 2022, received as its member *Preporod*, the union of employees in the Croatian education system. *Preporod* has almost 10,000 members gathered in 419 branches in the primary and secondary schools throughout Croatia. According to both sides, this inclusion is a great improvement in the trade union scene, where the UATUC has an interest in protecting workers' rights in both the private and public sectors. Knowing the action capability of the *Preporod* Trade Union, representatives of the UATUC are sure that with its experience the *Preporod* will greatly contribute to all the trade unions in their confederation, and further successful trade union activities in Croatia (Tomašek, 2022).

Social dialogue bodies or frameworks

There were no significant changes in social dialogue bodies or frameworks. There were no important changes in the legal framework on social dialogue, so *Zakon o reprezentativnosti udruga poslodavaca i sindikata* (The Act on Representativeness of employers' associations and trade unions. OG 93/14, 26/15) is still in force. On the national level there is the Economic-social council ([Gospodarsko-socijalno vijeće](#)), which consists of representatives of social partners and the government.

Other working life related institutions

No developments to report.

Governmental responses to inflation

As mentioned, as a consequence of the war in Ukraine, due to the crisis and inflationary pressures, there was a large increase in the prices of certain products used by every household. The Government's package includes measures to mitigate price increases by limiting the prices of basic foodstuffs. The Government, after consultation with both manufacturers and representatives of retail chains, agreed to lower the prices of certain products in the range from 20% to 33% in the period from 9 September until 9 December 2022. The government also stipulated that the gross trader's margin calculated on the net invoice price minus all rebates and discounts should amount to a maximum of 1% for sugar and pork, and 5% for the other food items.ⁱ The government also extended COVID-related fiscal measures from 2020 and 2021 to 2022. The crucial measure has been the Support for preservation of jobs in sectors affected by COVID-19.ⁱⁱ Social partners fully respect the support which the government has provided to the economy and citizens, but trade unions deem that they have not been adequately included in the preparation of the measures.

The Croatian Government also introduced energy price control for households and selected businesses. The package mitigated the rise in energy prices, primarily by capping electricity prices. This measure has been fixed for the period from 1 October 2022 to 31 March 2023. All consumers of electricity in Croatia fall into either household or business category, with only households paying government-controlled prices. Thus, as any public entity would have to deal with increased bills, the government now created a third category, with the price set slightly above the household rate. The new formed second group include kindergartens, schools, universities, retirement homes, non-governmental organizations, religious communities, municipalities and towns. They are subject to a universal tariff of €62/MWh.ⁱⁱⁱ

In order to mitigate the consequences of rising energy prices, the government decided to pay out a one-time monetary income for the beneficiaries of the child allowance. It also provided a one-time payment to beneficiaries whose procedures for realizing the right to child allowance were in progress, and whose right to payment of the child allowance was recognized by 30 September 2022. The similar form of pecuniary aid was intended for some other vulnerable groups in Croatia. Among others these were pensioners with a small amount of pension, jobless persons which were eligible to the unemployment benefits. The total cost of this scheme is estimated at €60 million. Unemployed persons registered with the Croatian Employment Service on 1 September 2022 were paid €33 for October, November and December 2022. The state subsidy for vulnerable energy consumers and foster parents increased from €53 to €67. Non-taxable income for students was increased from €2,000 to €3,200 for income earned in 2022. The government also prepared a €13.3 million aid package for farmers, and the same amount was also earmarked for fishermen. Transport operators will receive a subsidy per litre of diesel fuel.^{iv}

ⁱ Eurofound (2022), [Limitation of the prices of basic food items](#), case HR-2022-37/2827 (measures in Croatia), COVID-19 EU PolicyWatch, Dublin.

ⁱⁱ Eurofound (2022), [Support for preservation of jobs in sectors affected by COVID-19](#), case HR-2020-12/361 (measures in Croatia), COVID-19 EU PolicyWatch, Dublin.

ⁱⁱⁱ Eurofound (2022), [Energy price control for households and selected businesses](#), case HR-2022-40/2826 (measures in Croatia), COVID-19 EU PolicyWatch, Dublin.

^{iv} Eurofound (2022), [Subsidies and fiscal bonuses for rising energy prices and inflation](#), case HR-2022- 40/2829 (measures in Croatia), COVID-19 EU PolicyWatch, Dublin.

Collective bargaining and inflation

How inflation features in wage negotiations

The trade unions demand that the real value of earnings should be adjusted according to the inflation trends, but this is not easy to obtain, due to limited possibilities of the stretched budget for employees in the public sector, and increased production costs for employees in the private sector. In Croatia, according to Bagić (2022) there are significantly different types of wage negotiation in the public and private sector. In the public sector, the first segment consists of civil servants, the second segment of public service, and the third segment employees of regional and local self-government bodies and institutions. In these three segments, there are somewhat different modalities for regulating labour relations and the level of wages, as well as other pecuniary rights. However, in essence, the salaries of employees in the public sector is the result of collective bargaining with the central government or bodies of local government. However, in extraordinary circumstances, like a pronounced inflation, the government has the possibility of a unilateral decision on the increase or decrease of wages, through the amendment of the corresponding regulation that determines the level of job complexity coefficients for an individual position. However, such cases are relatively rare, and the government is more inclined to negotiate with social partners on wages and other pecuniary rights. In the private sector, due to the fact that sectoral negotiation almost does not exist, almost all negotiations are at company level.

Examples of recent responses

On 31 October 2022 the government and trade unions of employees in public and state service signed an annex to the collective agreements regulating increase in the wage base and other monetary rights in 2022 and 2023. Wages and salaries in public and state services increased by 6% from 1 October 2022 and will increase for two percent from 1 April 2023. An increase in the Christmas bonus is from HRK 1,500 (€200) to HRK 1,750 (€232), the holiday pay for 2023 from HRK 1,500 (€200) to HRK 1,750 (€232), a gift for children from HRK 600 (€80) to HRK 754 (€100). The beginning of negotiations on a new increase in the base salary for 2024 will be no later than the third week of September 2023. According to this decision, the wage base and other pecuniary rights will be increased for about 240,000 employees in the public and state sector in 2022 and 2023. On behalf of the Government, the annexes were signed by the Minister of Labour, Pension System, Family and Social Policy, and on behalf of the trade union, by representatives of the Croatian Teachers' Union, the Croatian Trade Union of Workers in Culture, the Independent Trade Union of Employees in Croatian Health Insurance, Croatian Social Welfare Employees' Union, the Independent Croatian Secondary School Employees' Union, the Independent Union of Health and Social Welfare of Croatia, Matica of Croatian Unions, the Independent Union of Health and Social Welfare of Croatia, the Croatian Teachers' Union, the Croatian Professional Union of Nurses - Medical Technician, the Croatian Police Trade Union and the Independent Trade Union of Employees of the Ministry of the Interior.

Developments in working time

Changes to legislation

There is almost no collective bargaining on working time in Croatia because social partners fully respect the stipulation of working times in the Labour Act (OG 93/14, 127/17, 98/19, 151/22). If working hours are defined with collective agreements, it is always according to the mentioned Labour Act. Amendments to the Labour Act were accepted in the Parliament on 16 December 2022 (OG 151/22), but nothing important is related to working time, except the additional protection of certain categories of workers, primarily parents of children up to eight years of age in case of unequal working hours and overtime work. Amendments to the Labour Act introduced mandatory increase of payment for 50% for the work on Sunday since the beginning of 2023.

After extensive debates, the government prepared the amendments to the Labour Act which transpose two EU directives into Croatia's legislation - on the balance between private life and work (The EU Directive 2019/1158) and on transparent and predictable working conditions (The EU Directive 2019/1152). The amendments introduce a new way of performing permanent seasonal jobs, including work for an open-ended period and the possibility of working outside the season. Fieldwork, work from home or remote work is regulated in more detail.

The right to an unpaid leave of five days a year to provide personal care to a family or household member and the right to be absent from work for one day due to urgent family reasons are also being introduced. Furthermore, the Amendments regulate a new form of work, through digital work platforms, in order to protect people employed in this way, but also to promote this new form of work, which already exists on the market. The new Labour Act will enter into force on 1 January 2023, while provisions related to digital work platforms would enter into force on 1 January 2024 (Vlada, 2022).

Bargaining outcomes

As mentioned, except the cited case of the ban of the work in commerce on Sunday, in Croatia there are no collective bargaining outcomes at national or sectoral level on working time duration, because this issue has been regulated by the Labour Act (OG 93/14, 127/17, 98/19, 151/22), and therefore there is almost no bargaining about it. Amendments to the Labour Act were accepted in the Parliament, but nothing important is related to bargaining procedure and its outcomes. The only exception is the new stipulation of work from home. With the adopted amendments to the Act, work from home can be performed as permanent, temporary, or occasional if, based on the proposal of the employee or employer, the employee and the employer agree on such type of work, provided that the nature of the work and the low risk determined in accordance with the regulations on occupational safety, that enables. An employee who works in the employer's premises, in order to harmonize work, family obligations and personal needs, can propose to the employer an amendment to the employment contract, which would regulate work from home for a certain period of time, especially for: i) health protection due to diagnosed illness or established disability, ii) pregnancy or parental obligations towards children until the child reaches eight years old, and iii) providing personal care to a member of the immediate family or a member of the household. In the event of extraordinary circumstances resulting from disease epidemics, earthquakes, floods and

similar phenomena, the employer may, in order to continue business activities and protect the health and safety of the employees and other persons, agree to work from home without changing the employment contract with the employee. In case such work lasts longer than 30 days from the beginning of the extraordinary circumstances, the employer is obliged to offer the employee an employment contract with mandatory content in the event of work at a separate workplace.

Debates on duration and organisation

The ban of the work in commerce on Sunday has been an open issue in Croatia for more than a decade. According to the Commercial Trade Union of Croatia (CTUC), such measure is needed because most of the shop assistants do not want to work on Sundays and they would prefer to be with family and friends. A possible free day off on another day of the week is not nearly as valuable, because Sunday is a day when family members and friends are most likely not working, while children are not in kindergarten or school. Moreover, Croatia does not offer the necessary services which would make it easier for those who work on Sundays. On that day nurseries and kindergartens are closed, while social workers and field nurses who provide care for the elderly are also free. According to the CTUC's opinion, working on Sundays jeopardises the harmonization of private and working life and causes frustrations, stress, psychophysical fatigue and serious health problems. The CTUC two times successfully lobbied the Government to legally ban the work on Sunday in the commerce sector. However, on both occasions the Constitutional Court subverted newly enacted legislation, by stating that it undermines free market competition. On the other hand, the consequences of the Sunday trading ban could include less efficient shopping concentration over a shorter time, greater capital intensity, higher prices and lower sectoral activity levels. Furthermore, many other employees regularly work on Sundays, like those in hospitals, public transport, police, firemen, newspapers, TV stations and other, so there is an obvious question why put one (relatively small) group of employees in commerce on a privileged position. The government prepared the draft bill on amendments to the Trade Act which was in public consultation until 7 November 2022. The draft proposes that there would be 16 working Sundays in a year. The Union of Autonomous Trade Union of Croatia and its sectoral CTUC, support the proposed changes to the Trade Act, which would stipulate that Sundays and holidays are non-working days in trade, with clearly defined exceptions, but also sanctions for those who violate the regulation (SSSH, 2022b). On the other hand, the representatives of the Croatian Employers' Association stress that the prohibition of the work on Sunday could have adverse impact on the economic growth and employment possibilities. They remind that Croatia accepted the market economy, where only the market could determine who can work and who cannot, but not the state regulation (HRT, 2022).

Labour market shortages and social partners

Labour force shortages are particularly present in construction and tourism, to improve the position of workers in these sectors, particularly in the conditions of COVID-19, and to make sectors more attractive for future generations, the Trade Union of the Construction Industry of Croatia (TUCIC) and the Autonomous Trade Union of Catering and Tourism of Croatia (ATUCTC) together with the Croatian Employers' Association (CEA) have realised a two-year project "With social dialogue to quality working places in construction and tourism" (*Socijalnim dijalogom do kvalitetnih radnih mjesta u graditeljstvu i turizmu*) starting from 24 July 2020. As a part of the Project activities, representatives of the TUCIC have intensively and frequently visited construction sites and carried out a campaign to inform domestic and foreign workers about the stipulations from the Collective agreement and other legal regulation. They have also warned that the Trade Union will use its legal right and report all irregularities in the application of the Law on Minimum Wage and the Collective Agreement for Construction to the competent labour inspections. Workers have been invited to provide information to the TUCIC on all employers in the construction sector who are unfairly competing and do not respect the Collective Agreement for Construction. At the final conference held on 29 June 2022, the results of the implementation of the project, recommendations for the development of the system of collective bargaining in construction in the future were presented, and a discussion was held on the topic "The future of collective bargaining in the construction and tourism sectors" (Sindikat graditeljstva Hrvatske, 2022).

Other important policy developments

Labour market shortages

The labour market in Croatia has been characterised by grave labour shortages for some essential jobs even before the COVID-19 pandemic. The pandemic without doubt additionally increased the mentioned problem. Such occupations in Croatia have been identified using the Employers' survey conducted in 2020 by the Croatian Employment Services (CES) (Hrvatski zavod za zapošljavanje, 2021). There was no Employers' survey in 2021 and 2022, but without doubt the situation did not improve, but probably due to COVID-19 it only deteriorated. The employers' survey is an instrument for collecting labour market assessments based on employers' statements. The survey sample in 2020 was selected from economically active employers – based on the internal employers' database of the Croatian Employment Service as well as data obtained from the Croatian Pension Insurance Institute (CPII) and the Central Bureau of Statistics (CBS). The sectors of activity were defined according to the National Classification of Activities. The final sample in 2020, consisted of 12.1% of all business entities and crafts registered in Croatia. The list of the labour force which is lacking has almost not changed in last 25 years. Within primary health care, Croatia is experiencing severe skill shortages in terms of specialist medical practitioners as well as medical doctors and general practitioners. In the health care sector, bottleneck vacancies affect both urban and rural areas, but there are bigger problems with filling vacancies in rural, mountain, and underdeveloped areas (e.g., islands). Problems in the mentioned sector are also related to the fact that these jobs are characterised by many overtime hours, night shift work, and work during holidays. Moreover, there are also the issues of specific age levels (after studying and specialisation, workers are in their 30s) and permanent studying and knowledge improvement, which are not always encouraged from the side of the health system. Finally, a serious problem in Croatia is the shortage in all types of medical staff, particularly doctors, mostly caused by their leaving to work abroad in recent years.

Furthermore, specialist nurses are in high demand. The Croatian Trade Union of Nurses and Medical Technicians estimates a lack of 12,000 nurses in Croatia because many of them went to Ireland, the United Kingdom, Austria, Germany, or Italy, where they can obtain much higher salaries. In Croatia as a whole and particularly in remote and isolated areas, pharmacists are also needed.

For a long time, there has been a significant shortage of construction workers, like bricklayers; pipeline installers and fitters, reinforcement and concrete workers, welders and carpenters. These occupations require specific knowledge, work is hard and unfavourable working conditions – very cold during the winter, hot in summer, in noise and dust, often on heights. Therefore, having in mind that these occupations are not particularly socially respected and relatively badly paid, it is not a surprise that young people are not interested in them and they do not enrol in vocational schools.

Finally, the tourist sector is experiencing growing recruitment problems. Waiters, chefs, cleaners, and helpers in offices, hotels, and other establishments are needed, but due to the work's seasonal nature and limited employment possibilities out of season, young people are also not willing to enrol in educational programmes for these occupations.

There are many interrelated reasons for bottleneck occupations in Croatia, but the most frequent are skill mismatches and shortages due to unfavourable working conditions and unsatisfactory wages. The situation also differs according to the level of occupation and type of jobs. For

bottlenecks within high-skilled occupations, the main reason stated is a lack of qualified workforce, in particular, experienced workforce with specific knowledge (specialist doctors and nurses, etc.).

Employment status and contracts

Amendments to the Labour Act, which were accepted in the Parliament (OG 151/2022), regulate additional work for another employer without the consent of the parent employer and allow for a greater number of permitted hours of this type of work (eight hours per week or longer, but no more than 16 hours per week). Before this amendments, the consent of the parent employer was needed even for 1 hour.

Self-employed

The Croatian Bureau of Statistics (2022c) calculates the risk of poverty or social exclusion indicator which shows the share of persons who are at risk of poverty, or severely deprived, or living in a household with a low work intensity. The At-the-risk-of-poverty rate for all employees in 2021 was 4.0% (4.6% for men and 3.3% for women) but was significantly higher for self-employed 13.0% (14.3% for men and 9.5% for women). There is no differentiation of the mentioned indicator regarding various groups of self-employed and particularly vulnerable. There are some other indicators of poverty and social exclusion, but they do not consider the employment status, and therefore do not distinguish situation for employees or self-employed. It looks like income inadequacy is more prevalent among some groups of self-employed, in particular in agriculture and among bogus self-employed.

Wage setting

The Croatian government on its 159 Assembly on 19 October 2022, adopted the new minimum wage for 2023 in the gross amount HRK 5,274.15 (€700) per month, or net amount HRK 4,219.32 (€560) not including social contributions, personal income tax and surtax. The Decision was published in the [Official Gazette 122/2022](#). Therefore, the new minimum wage was increased by HRK 586.65 (€78). In that way the new minimum wage will be 51.32% of average gross wage or 62.14% of gross median wage for June 2022. A total increase of the gross minimum wage since 2016 has been HRK 2,154.15 (€286) or 69.04%. The number of workers which receive the current amount of the minimum wage is around 35,000, while additional 70,000 receive more than the previous minimum wage but less than the proposed amount, therefore their wages will also increase.

Health and safety

Regarding health and safety, a substantial discussion had been present in Croatia regarding the introduction of compulsory vaccination for health care workers and employees in the social welfare system. Therefore, Tucak and Vinković (2022) analysed arguments for and against such obligation. The introduction of mandatory vaccination generally depends on two factors: medical and scientific evidence that vaccines are safe and efficient; and epidemiological conditions that need to be ascertained by relevant authorities. Mandatory vaccination is thus directly affected by current vaccination rates. In that context, national legislators must find a reasonable balance between the need to guarantee effective infectious disease prevention and the need to avoid arbitrarily limiting an individual's right to self-determination. Besides protecting personal rights, mandatory vaccination

of health care workers has also been avoided out of fear that they would quit their jobs and leave medicine, consequently leading to a more serious labour shortage. They underline that Croatia has weighed its measures and introduced to health professionals and employees in the social welfare system, more cautiously and measuredly than it might seem on the first glance. The vaccination obligation was not introduced as an indispensable and essential action, because the presentation of the COVID digital certificate could prove both recovery and regular testing. In other words, the measure of regular testing was a sufficient and proportionate requirement for those employees who did not want to be vaccinated. However, could such a request also be considered unacceptable, superfluous, or unnecessary restriction of human and labour rights in the current circumstances? The authors deem that there was no place for such an approach and interpretation. At least because such a reason would call into question the fundamental principles of solidarity, humanity, and treatment of those whose health needs to be protected due to health threats and compromises. Otherwise, the question arises as to whether those who oppose such an approach and interpretation have chosen the appropriate occupation and “call”. Possible suspensions and terminations of employment contracts for the observed categories of employees who refused compulsory vaccination in certain countries are subject to both the determination of their legality and the specific circumstances in which they are imposed.

Work–life balance

As mentioned, Croatian the Parliament accepted amendments to the Labour Act, which transpose two EU directives into Croatia's legislation in December 2022. One of them is the Work-life Balance Directive. The Directive introduces a set of legislative actions with the aims of better supporting a work-life balance for parents and carers; encouraging a more equal sharing of parental leave between men and women; and addressing women's under-representation in the labour market. The Labour Act and the Maternity and Parental Benefits Act (Zakon o roditeljnim i roditeljskim potporama, OG 85/08, 110/08, 34/11, 54/13, 152/14, 59/17, 85/22) introduce paternity leave of 10 paid days per child to fathers or equivalent second parents, regardless of their marital or family status. The 10 days of leave cannot be transferred to any other parent and may only be taken within six months from the birth of their child or the placement for adoption. Also, the leave may be taken regardless of the mother's employment status. If the mother is employed, second parents may take their leave simultaneously with the mother's maternity leave. During such leave, second parents are entitled to their full salary.

Lifelong learning and skills development

On 1 April 2022, the measure Adult educational vouchers was launched, and both employed and unemployed persons can apply for vouchers. The voucher in value up to HRK 10,000 (€1,333) can be used for adult education and lifelong learning in private and public education institutions exclusively for obtaining digital and green skills. By the end of July 2022, 2,221 persons applied for the voucher which is administrated by the Croatian Employment Service (CES) together with the Ministry of Labour, Pension System, Family and Social Policy. The CES believes that all 4,000 vouchers planned for 2022 would be used. A total of 30,000 vouchers will be offered over the next four years. To qualify for a voucher, a person must be at least 15 years old and have at least primary school education. The same conditions apply regardless of whether applicants are employed in the private,

public or state sector. Education programmes last up to six months or 10 months, depending on whether the applicant is unemployed or employed (Špiljak, 2022).

Working life of Ukrainian refugees

Employment and working conditions

As mentioned, more than 20,000 Ukrainian refugees came to Croatia. One of the most important hindrances for the successful inclusion of refugees from Ukraine into employment is the lack of Croatian language knowledge. In many cities around Croatia free Croatian language courses were prepared for refugees from war-affected Ukraine, who found temporary accommodation in Croatia. The courses are organized mostly by various Open Universities or foreign language schools and with the financial support of the local governments and the Red Cross Society. Free Croatian language courses are important and necessary, especially since the labour market offers a large number of seasonal jobs where Ukrainians could also be employed. Croats would like their new fellow citizens to integrate into the local environment as painlessly as possible.^v The exact number of employed Ukrainian refugees is not available, but without doubt it is significant, probably in the range 5-8 thousand persons. Many of them worked during the summer touristic season on the coast as waiters, cooks, room-maids and shop assistants.

Social partner initiatives to support Ukrainian refugees

The Economic and Social Council (ESC), which consists of representatives from the government, employers and trade unions, on 21 March 2022, gave full support to the Government's efforts in activities related to the reception, care and integration of Ukrainian refugees into Croatian society and the labour market, and a stronger involvement of social partners at the county level was agreed. The ESC expressed full solidarity and concern for the Ukrainian people, who in these moments of war are suffering the greatest consequences of devastating Russian aggression. The ESC supports the activities and efforts of the Government of Croatia in aiding, reception, care and integration, of Ukrainian refugees into Croatian society. This also implies support for inclusion in the Croatian labour market and in the education system and support for the learning of Croatia language, while respecting their choice. Ukrainian refugees are guaranteed equal rights in the labour market. The social partners have agreed that all of them from their area of jurisdiction and activities will ensure the same rights and opportunities as Croatian workers have for the Ukrainian refugees. Similar tripartite meetings of social partners on this topic are held, apart from at the state level, also at the county level, given that most of the operational work - especially when it comes to care, education, finding jobs on the labour market - will take place precisely at the local level. Social partners are fully aware that the issue of accepting refugees from Ukraine is an extraordinary issue that additionally encourages the exchange of experiences and corrections if necessary, in order to make the engagement as effective as possible.

^v Eurofound (2022), [Free Croatian language courses for Ukrainian refugees](#), case HR-2022-13/2746 (measures in Croatia), COVID-19 EU PolicyWatch, Dublin.

Commentary and outlook

Despite the COVID-19 pandemic and problems related to a war in Ukraine, the trends on the labour market in Croatia in 2022 were quite positive with further decrease in the number of unemployed people. The positive trend of the labour market was primarily caused by the significant increase in GDP. The government's job-preserving policy, by keeping a stable labour market, and various other measures which have enabled a further growth of the average wage, have contributed to the economic recovery and a relatively large increase in personal consumption. Substantial EU funds are available for recovery. Croatia has submitted a National Recovery and Resilience Plan (NRRP) which is focused on the green and digital transition.

Croatia introduced the euro on 1 January 2023, Croatian citizens and entrepreneurs will benefit from a significantly lower currency risk. The entry into the Schengen area means easier entrance into the country as well as significant reduction of time and costs for transport services.

The Government's package refers to special measures to mitigate price growth by limiting the prices of basic foodstuffs. The Government, after consultation with both manufacturers and representatives of retail chains, agreed to lower the prices of certain products in the range from 20% to 33%, in the period from 9 September until 9 December 2022. Furthermore, the Croatian Government introduced energy price control for households and selected businesses.

The government and trade unions of employees in public and state service on 31 October 2022 have signed an annex to the collective agreements regulating increases in the wage base and other monetary rights in 2022 and 2023. Wages and salaries in public and state services increased by 6% from 1 October 2022 and will increase by 2% from 1 April 2023. The Croatian government adopted the new minimum wage for 2023 in the gross amount €700 per month, or net amount €560 not including social contributions, personal income tax and surtax. Thus, the amount of the minimum wage increased by €78. The new minimum wage will be 51.32% of average gross wage or 62.14% of gross median wage for June 2022.

The grave labour shortages for essential workers in Croatia started before the COVID-19 pandemic, and the pandemic further deteriorated the situation. There has been a significant shortage of workers in construction since their working conditions are unfavourable. Finally, there are severe skill shortages in healthcare system, which needs doctors, general and specialist medical practitioners as well as nurses.

The workers are particularly missing in tourism sector, but due to the work's seasonal nature and limited employment possibilities out of season, young people are unwilling to enrol in educational programmes for these occupations. More than 20,000 Ukrainian refugees came to Croatia. The exact number of employed Ukrainian refugees is not available, but many of them worked during the summer touristic season on the coast as waiters, cooks, room-maids and shop assistants.

In 2022 (OG 151/22) there were further amendments to the Labour Act, which entered into force on 1 January 2023. The most important changes are related to better stipulation of work from home and mandatory increase of payment for 50% for the work on Sunday. The Act regulates a new form of work, through digital work platforms, in order to protect people employed in this way, but also to promote this new form of work, which already exists on the market. This part of the Act will enter into force on 1 January 2024.

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