



Industrial relations and social dialogue
**Croatia: Developments in
working life 2023**

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Introduction

On 1 January 2023, Croatia joined the Euro area, which today has more than 340 million inhabitants and is the second largest economy in the world, accounting for 15 percent of world GDP. Croatia also entered into Schengen area on the same day. Croatia's accession to such associations creates a precondition for public finance stability, easier transport and the arrival of foreign tourists, and in the long term, an increase in the competitiveness of its economy.

For the second quarter of 2023, the average monthly net earnings per person in Croatia compared to the same period of 2022, showed a nominal increase of 11.9% and a real increase of 1.8% (Croatian Bureau of Statistics, 2022b). For the fourth quarter of 2023, the average monthly net earnings per person in Croatia, compared to the same period of 2022, recorded a nominal increase of 14.5%, while average monthly gross increase was 15.9% (Croatian Bureau of Statistics, 2022c). Sonje (2024) deems that on the annual level, it was a huge 15% year-on-year increase. After correction for inflation, which amounted to 4.5% according to the consumer price index, i.e., 5.4% according to the Eurostat's harmonized index which has different weights, the real wage growth was around 10%.

The trends on the labour market in Croatia in 2023 were very positive with further decrease in the number of unemployed people. At the end of December 2023, the Croatian Employment Service registered 2.4% less unemployed persons compared to the same month of 2022. Out of the total number of unemployed persons in December 2023, there were 42.3% men and 57.7% women. The number of unemployed men decreased by 5.3% while the number of unemployed women decreased by 0.2% if compared to December 2022. In the reference period, the share of men in registered unemployment decreased, whereas the share of women increased by 1.3 percentage points. Regarding the age structure compared to the same month last year, there was an increase of unemployment in the age group from 15 to 19 (by 8.6%), in the age group over 60 (by 3.9%) and in the age group from 55 to 59 (by 1.3%). In all other age groups unemployment decreased. The sharpest decrease was evident with the age group from 35 to 39 (by 8.3%), and the smallest decrease was evident with the age group from 50 to 54 (by 0.1%). If compared to the same month of the previous year, the number of unemployed decreased in all educational categories (Hrvatski zavod za zapošljavanje, 2023).

Consumer prices in Croatia increased by 4.5% in December 2022, while inflation for the entire year was 8.0%. Compared with December 2022, the prices of restaurant and hotel services on average increased the most (+12.4%), followed by the prices of food and non-alcoholic beverages (+6.7%), clothing and footwear (+5.7%), health (+5.6%) and education (+5.4%) (Croatian Bureau of Statistics, 2023c).

On 1 January 2023 amendments to the Labour Act (OG 151/22) entered into force. 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.

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. The NRRP has a strong focus on increasing competitiveness, mainly through financial instruments for internationalisation, innovation and human capital reforms.

Actors and institutions

Social partners

There were no significant changes in social dialogue bodies or frameworks. There are still three representative trade union federations: the Union of Autonomous Trade Unions of Croatia (*Savez samostalnih sindikata Hrvatske*) with 98,000 members or 42% of all unionised workers, the Independent Trade Unions of Croatia (*Nezavisni hrvatski sindikati*) with 80,000 members or 34% of all unionised workers, and MATICA – Association of Croatian Trade Unions (*Matica hrvatskih sindikata*) with 56,000 members or 24% of all unionised workers. On the employers' side there is only one association: Croatian Employers' Association (CEA). The CEA assembles more than 2,000 companies that employ more than 46% of workers in the private sector, or close to 260,000 workers. However, the CEA's internal structure does not always correspond to the structure of union organisations.

There were no important changes in the legal framework on social dialogue, so the Act on Representativeness of employers' associations and trade unions (*Zakon o reprezentativnosti udruga poslodavaca i sindikata*, 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. The government applied particular support measures to lessen the consequences of all adverse events, primarily by extending COVID-related fiscal measures from 2020 and 2021 to 2023. The crucial measure has been the Support for preservation of jobs in sectors affected by COVID-19^[1]. Social partners fully respect the support which the government has provided to the economy and citizens, but trade unions in particular deem that they have not been adequately included in the preparation of the measures.

Social dialogue bodies or frameworks

The Economic-social Council in 2023 had nine meetings:

- on 6 February, with the Conclusion on the Proposal of the Work Program of the Economic-social Council for 2023 and strategic topics for discussion and the Conclusion on the Report on the Work of the Economic-social Council and County Economic-social Councils in 2022
- on 13 March, with topics on the new package of measures of the Government of the Republic of Croatia intended to mitigate inflationary effects and the rise in energy prices, the Conclusion on the Croatian immigration policy and Conclusion on Action plan for encouraging collective bargaining
- on 21 April, on the appointment to the Administrative Council of the Agency for Vocational Education and Adult Education, on representatives in the Central Registry of Insured Persons – REGOS and the Conclusion on the Report of the State Inspectorate of the Republic of Croatia
- on 5 June, with discussion on the tax reform, the regulation which governs the legal regulation of doctors in the public service and the Yearly report by the Croatian Employment Service for 2022
- on 25 July, with discussion on the Proposal of the Law on salaries in the civil and public services, the Conclusion on the ESF+ Program for the period 2021-2027 and Conclusion on

the cooperation of the Economic-social Council with the European Economic and Social Council

- on 14 September, with discussions on the appointment of the president and vice-president of the Economic-social Council, the Conclusion on the adoption of the Rules of Procedure
- on 23 October, with discussion on the Competitiveness and Cohesion Program and the Analysis Tertiary Education and the Labour Market
- on 28 November, with discussion on the Budget of the Republic of Croatia for 2024 and Projections for 2025 and 2026) and on 18 December (with discussions on appointment of the president and two vice-presidents of the Economic-social Council)

There were no changes to the practices or frameworks guiding the social dialogue or collective bargaining.

Other working life related institutions

The Act on Elimination of Unregistered Work ([Zakon o suzbijanju neprijavljenog rada](#), OG 151/22) entered into force on 1 January 2023. It sets out the rules aimed at combating non-payment of salaries, salary add-ons and contributions as well as hidden/unregistered employment. According to the Act, unregistered work generally comprises the following situations: (i) non-registration of the employee with mandatory social insurances, (ii) performance of work without a written employment agreement, (iii) hidden employment relationship, (iv) non-compliance with regulations on the employment of foreigners, (v) non-payment of salary add-ons and (vi) non-payment of public contributions. The Ministry of Labour, Pension System, Family and Social Policy maintains publicly available registers of compliant and non-compliant employers. Companies active in certain sectors have to register working hours of their employees through an electronic work record system which is maintained by the line Ministry. If a company engages a subcontractor for performance of certain services, then the company will be jointly and severely liable for the payment of salaries to the subcontractors' employees. The company may be released from such liability if it undertakes certain statutorily defined actions (e.g., requesting monthly delivery of pay slips, employee data, etc.). Thus, the new legislation means that companies should (i) immediately and closely examine their existing practices and contractual relationships with their subcontractors and (ii) monitor the implementation of bylaws regarding the work record system to ensure compliance.

ⁱ 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

Developments in collective bargaining

Changes to the collective bargaining structures and frameworks

There have been no significant changes in the collective bargaining structures and frameworks. In Croatia, there is neither comprehensive database and no reliable sources on the trade union membership and concluded collective agreements. For year 2023, there are around 280,000 trade union members, which is approximately 20% of all employees.

There are three possible typologies of trade union density. The first one is based on the difference between the private sector (around 17%) and the public sector in wider terms, which includes

national, regional and local government, and has trade union density approximately 68%. The second typology is only in the private sector between the formerly state-owned but later privatized companies (31%) and newly established private companies (9%). The third typology is the difference between small companies (around 3%) and large companies (around 40%).

The sectoral Employers' Association of wood and paper industry by the Croatian Employers' Association (CEA), as the only representative employers' association in the sector, and seven trade unions, which represent the employees of the industry affiliated to the Union of the Autonomous Trade Union of Croatia, signed the Collective Agreement for the activity of the wood and paper industry. It guarantees joint action in order to protect the industry and improve working conditions, preserve jobs and raise the competitiveness of the entire sector.

The Croatian wood and paper industry is the third economy sector (next to the construction and tourism) that has reached a sectoral collective agreement. The Croatian wood and paper industry is also the only sector in the country with a foreign trade surplus, which in 2022 amounted to EUR 330 million. More than 1,300 companies with more than 18,000 employees work in the industry, and the total revenue in four years has almost doubled to EUR 2.1 billion per year with EUR 980 million in export revenue.

The recession in Germany and Austria, in the otherwise healthy Croatian sector, caused a drop in exports of 26.9% from June to August 2023. The intention of both social partners is to preserve jobs, help ensure liquidity and ensure wood mass as a key resource of the sector. The companies in the sector have capacity and quality products, but the key question is whether there will be customers and orders. The collective agreement stipulates that the legally determined minimum wage is the basis for calculating all wages in the sector in such a way that the wage is increased by coefficients depending on the complexity of the work. At the same time, the employer must maintain the relationships between individual groups of complexity, as stated in the tariff part of the Collective Agreement. The basic salary of the position is increased by at least 20 percent for night work, 30 percent for overtime work and 50 percent for Sunday work (Jutarnji list, 2023).

Data on collective bargaining

The Ministry of Labour, Pension System, Family and Social Policy has a list of collective agreements implemented in two or more counties and collective agreements registered with state administration offices. Out of 570 included collective agreements in 2023, about 64% relate to the private sector, while the rest concern national and local government and services (13%) or public enterprises (23%). The coverage ratio is directly connected to the number of collective agreements. The largest bargaining coverage has been recorded for employees in public administration and public services, followed by public enterprises, while coverage has been substantially lower in private-owned companies. About 88% of employees in budget-user bodies at both central and local government, have regulated their rights by accepted collective agreements. The rights of around three quarters of employees in public enterprises are regulated by collective agreements compared to only 35% of employees in private companies. Total collective bargaining coverage rate in Croatia was 52.7% in 2014, and 46.5% in 2023 (Glas radnika, 2022).

Collectively agreed pay outcomes and wage-setting mechanism

It can be a surprise but many collective agreements in Croatia do not contain collectively agreed pay outcomes. According to the analysis of 220 collective agreements in the database by the Union of the Autonomous Trade Union of Croatia (UATUC), which comprises collective agreements concluded by the Trade unions affiliated to the UATUC, about 20% of them have no provisions on wage and salary at all, and about 40% do not sufficiently regulate remuneration (i.e., usually only the wage base, but not the coefficients). The remaining 40% of CAs arrange both the base and the coefficients.

Due to the large differences in wages and salaries for the similar jobs in the public sector and related high horizontal inequality, the Government decided to implement a reform of remuneration in the civil service and in the public sector. Thus, in 2023, the new Act on Salaries in the Civil Service and Public Services (*Zakon o plaćama u državnoj službi i javnim službama* - OG 155/23, in further text - Act on Salaries,) was accepted. It regulates the salary system in the civil service and public services with principles of the salary system, job (post) evaluation, assessment of the work efficiency of civil servants and public employees, salary supplements, pay scale and pay grades, promotion in salary based on assessment of work efficiency, rewarding civil servants and public employees for achieving work results, monitoring and improvement of the salary system in the civil service and public services, and supervision of the implementation of the Act on Salaries. This Act is based on three main principles that ensure fairness and transparency of the salary system i) right to equal pay (Article 6); ii) salary transparency (Article 7), and iii) non-discrimination (Article 8). Positions in the civil service and public services are evaluated using standard criteria for evaluation and classification of jobs to ensure harmonization of grades and bonuses in the civil service, which are: a) competences, b) complexity, b) responsibility and influence on decision-making, d) cooperation and communication, e) management and f) special working conditions. Employees have the right to a salary supplement when, based on performance assessment, they achieve the required number of points. Civil servants and state employees retain the number of points achieved during their service based on the assessment of work efficiency, regardless of the change of workplace and the change of the state body or public service in which they are employed. During one calendar year a maximum of 5% of the total number of public service and civil service of a state body or public service may receive the grade "excellent". Monetary rewards for work results (bonuses) are prescribed in the Article 30 of the Act on Salaries. An employee who has achieved exceptional results during the calendar year can get a bonus. The head of the state body or public service define the criteria for awarding the bonuses in the internal rulebook.

According to the Decision on Minimum Wage for 2024 ([Uredba o visini minimalne plaće za 2024. godinu](#) - OG 125/23), gross minimum wage in Croatia for 2024 is EUR 840, which is EUR 140 or 20% higher than in 2023. The Act on the Minimum Wage from 2018 (OG 118/18) aims to overcome previous practice to define the minimum wage in the last moment and/or without adequate consultation with the social partners. Consequently, the Act on the Minimum Wage stipulates that the minimum wage level should be determined by 31 October each year for the subsequent year, while consultations with social partners have to take place in September and October. In addition, the Act on the minimum wage introduces the Expert Commission for Monitoring and Analysis of the Minimum Wage (hereinafter: the Commission) as a body to assist in the policy process. It consists of trade union and employer representatives as well as representatives from government and academia. The Commission is a consultative body to the Minister, analysing recent trends relevant for minimum wage policy and proposing the minimum wage level for the next year. In preparation of

its recommendations, the Commission considered the share of the minimum wage in the average gross wage paid in legal entities from January to July 2023, inflation, wage trends, unemployment and employment trends, demographic trends, labour productivity trends and the overall state of the economy and actual political challenges related to the war in Ukraine and in the Middle East and its impact on rising prices of goods and services.

Collective bargaining and inflation

Trade unions, particularly in the public sector, demand that the actual value of pay be adjusted in accordance with inflation trends, but this is difficult to achieve since public sector employees' strained budgets have limited options, and private sector employees' higher production costs make it difficult to meet their demands. As mentioned, many collective agreements in Croatia, particularly in the private sector, do not contain collectively agreed pay outcomes. The collective bargaining agreement negotiated in 2023 and signed in 2024 with public sector unions affirms the Government's policy to retain the living standard of employees in the public sector. There is a fear that this could lead to a spiral of rising wages and rising retail prices, while real salary growth in Croatia in 2023 was 6.2 percent. However, most economists believe that the impact of wage growth on inflation will not be significant because Croatia depends on inflation in the Eurozone, where inflation is steady. According to the opinion of the respected expert Velimir Šonje (2023), Croatia is a small and open economy and its inflation depends on the Eurozone. The inflation rate in the Eurozone has been stabilizing, stagnating, or even falling modestly. That will gradually trickle down to Croatia and he believes that inflation is not going to be as big an issue as it was in the recent past.

Developments in governmental responses to inflation

As a consequence of the wars in Ukraine and in the Middle East, due to the crisis and inflationary pressures, there was a large increase in the prices of certain products used by every household in 2023. High inflation initially boosts tax revenues faster than expenditure, creating an impression of healthy public finances. This is due to the structural reliance on VAT and improved tax compliance through digital technology. However, public spending quickly catches up, dissipating the initial positive effect. The main risk is that politicians might advocate new spending or tax cuts, which could harm long-term public finances. With the intention to mitigate price increases, the Government, after consultation with both manufacturers and representatives of retail chains, limited the prices of 30 certain food products. However, these products almost disappeared from the stores.ⁱⁱ

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

Labour disputes and industrial action

Around 177 cases a year in Croatia are resolved in court-annexed mediation procedure (Centar za mirno rješavanje sporova, 2024). To raise awareness of the benefits of peaceful dispute resolution and to strengthen the capacity of the system for dealing with peaceful dispute resolution and mediation procedures, a new Act on the Peaceful Resolution of Disputes ([Zakon o mirnom rješavanju sporova](#) - OG 67/23) entered into force on 29 June 2023. It further strengthens the peaceful resolution of disputes and aims to increase the promptness and efficiency of courts. The Ministry of Justice and Administration issued on 24 July 2023, the Decision on the establishment of a Centre for Peaceful Dispute Resolution. The Centre is based in the City of Zagreb. The mission of the Centre is to encourage peaceful settlement of disputes, to give approvals to institutions for peaceful dispute resolution, to keep the Register of Mediators and Assessors, to give approvals for training programmes on specific types of disputes, to conduct professional training and development of mediators independently or in cooperation with institutions for mediation, and to inform parties on peaceful dispute resolution and assistance in selecting an appropriate method. The Centre will have branch offices in Osijek, Rijeka and Split. One of the most important tasks of the Centre is to systematically promote peaceful dispute resolution as an alternative and more favourable manner of resolving a dispute than a formal court procedure.

Changes to the right to strike

There were no changes to the right to strike.

Data on industrial action

Systematic data on industrial action, regarding strike and lost working days, in Croatia do not exist.

Collective labour disputes in 2023

Accumulated problems in the judiciary culminated in an almost two-month strike by court officials and state employees that began on 5 June with a request to increase the salary of judicial officials by € 400. The trade union reduced its demands to € 300 increase after the government introduced a temporary salary supplement of €60 to €100 for those with the lowest wages. The strike ended on 26 July and it was the longest strike in Croatia (Majetić, 2023). The Association of Croatian Judges (ACJ) stated that, due to the lack of dialogue with the executive authorities on the wage increase for judges, warning measures for the Government and a broader society would be implemented in all first-instance courts in Croatia from 8 May to 19 May 2023. All actions in first-instance proceedings were postponed, while in second-instance proceedings, council sessions were held, but without sending decisions, and the exception at all levels are urgent cases in which irreparable damage could occur. For the duration of the warning measures, the judges who implement the measures were at their workplace and performed other judicial duties at all times. More than 70% of first-instance judges participated in the warning measures, and they also had the support of state attorneys. Urgent cases were dealt with without delay, but the measures implied that work would not be done in the e-file, registration of new legal entities, decisions on inheritance, or, for example, divorce. The notifications about the postponement of the hearing have been sent to the parties (Poslovni.hr, 2023).

Developments in working time

Changes to legislation

There were no changes in legislation regarding working time.

Bargaining outcomes

There were no major bargaining outcomes regarding working time.

Debates on duration and organisation

Debates of organisation in Croatia are mostly related to regulation of “remote work” and “work at a separate workplace”. This has been clarified by the amendments to the Labour Act (OG 151/22) which came into the force of 1 January 2023. The main distinction between remote work and work at a separate workplace is that remote work is always work performed via information and telecommunication technology and the employee may choose the location from which the remote work will be performed, while in case of work at a separate workplace, the separate place of work must be specified (e.g. employee’s home). If an employee is working at a separate workplace, the employment contract must contain provisions on equipment for execution of work and reimbursement of associated costs if the work at a separate workplace lasts longer than seven days in a calendar month, while the same provisions are optional in case of remote work.

Other important policy developments

Regulations on employment status and contracts

The amendments to the Labour Act (OG 151/22), which came into the force on 1 January 2023, stipulate definite term employment contracts. With certain exceptions, both the duration (a maximum of three years) and the number (a maximum of three consecutive contracts) of definite term employment contracts are now limited. After six months of a definite term employment, the employee has the right to request from the employer entering into an indefinite term employment contract and the employer must explain reasons in writing if the employee's request is rejected.

Furthermore, the list of mandatory provisions that have to be included in an employment agreement has been expanded and includes, inter alia, provisions on: gross salary, including the gross amount of the basic salary, allowances and other remunerations for the work performed, as well as the payment periods of these and other remunerations to which the employee is entitled based on the employment; and the date of entering into the employment contract and the date of commencement of work.

An employer's consent for an employee's additional employment with another employer (for up to eight hours a week) is no longer required.

Policies to reduce the gender pay-gap

The amendments to the Labour Law came into the force of 1 January 2023, in order to exercise the right to equal pay for female and male employees, introduced the obligation that the employer should provide the employee with information on the criteria for the calculation of the salary of the employee who performs the same or similar work tasks, if such an employee exists. However, there is no monetary fine for non-compliance with such obligation.

Furthermore, the Law included the possibilities that in case of important personal needs (such as illness, pregnancy, care for a child of up to eight years of age or a sick family member), an employee has the right to request from the employer to temporarily work from a separate workplace; if the request is rejected, employer must explain reasons in writing.

Health and safety regulations and policies

In Croatia, one of the most important issues regarding the remote work is health and safety perspective and possible breach of privacy. According to the expert opinion, the employer must comply with the relevant health and safety measures prescribed under the Occupational Health and Safety Act (OG 71/14, 118/14, 154/14, 94/18, 96/18) and accompanying bylaws to ensure a safe working environment, which does not endanger employee's health, even in cases of remote work. Employees must also comply with the health and safety instructions of the employer and the relevant health and safety rules. For the purpose of ensuring a safe working environment (i.e., maintenance of equipment and supervision of working conditions), the employer may enter the employee's home, but only if contractually agreed and at a time agreed with the employee. In 2023, two new bylaws were issued: the Rulebook on the protection of workers from exposure to noise at work (*Pravilnik o zaštiti radnika od izloženosti buci na radu*, OG 148/23) and the Rulebook on the

protection of workers from exposure to vibrations at work (*Pravilnik o zaštiti radnika od izloženosti vibracijama na radu*, OG 148/2023).

However, employers who implement remote work on an occasional basis (i.e., work of an administrative or similar nature that is deemed low risk) do not have to complete health and safety risk assessments of the homes of employees who are working remotely. This exemption applies solely for specific types of work, which are usually performed at an employer's premises and remotely only occasionally and which have previously been assessed and documented as low risk. The Occupational Health and Safety Act determines that a work-related injury includes both injuries that occur at the employer's business premises and other premises where employees perform work duties. Distance work is only possible for the types of jobs that are always performed through information and communication technology. Since the place from which the employee will perform his or her work is independently determined by the employee, in case of distance work the employer is not fully liable for health and safety matters. Nevertheless, the employer is still obliged to ensure the protection of employee's privacy and to provide the employee with written instructions regarding the protection of health and safety at work (ius-info, 2023).

Work-life balance related policies

According to the amendments to the Labour Act (OG 151/22), which came into the force on 1 January 2023, an employer must respect employees' work-life balance and not contact them during rest periods ("right to disconnect") unless there is an emergency, or if communication with employees' is essential due to the nature of the work.

Life-long learning and skills development

The National Plan for the Development of Education and Training until 2027 has been adopted in 2023. This document elaborates key objectives set by the National Development Strategy of the Republic of Croatia until 2030 in the field of education. Key areas of intervention are: governing and improving the system at central level (legal, organisational, financial framework and quality assurance mechanisms), support to education providers (infrastructural, material and human resources capacity empowerment) and support to learners (access to the system, success in the system and transition through the system).

Other topics

The amendments to the Labour Act (OG 151/22), which came into force on 1 January 2023, introduced a new set of rules regarding probationary work. The new provisions on probationary periods resolve the situation that often occurs in practice - i.e., when the employee is absent from work during the probationary period due to objective reasons such as sick leave, use of maternity and parental rights or garden leave. From now, it will be possible to extend the duration of the probationary period in such case for the maximum period of absence (but not longer than actual six months spent at work). If fixed term employment contract is concluded, the probationary period must be proportional to the duration of the fixed term employment contract. The employee may request conclusion of an indefinite term employment agreement, if (i) they have worked with the employer for at least six months and (ii) the probation period has passed. The employer should consider the employee's request and, if denied, provide a substantiated written response within 30

days (or 60 days if the employer employs less than 20 employees). The employee may repeat their request after six months.

Commentary and outlook

In 2023, Croatia joined the euro zone and became a member of the Schengen Area, which will facilitate public finance stability, transport and tourism. In the second quarter of 2023, the average monthly net earnings per person in Croatia showed a nominal increase of around 12% and a real increase of 2% compared with the same period of 2022. Wage increases year on year were 15%, but after correction for inflation, real growth was around 10%.

Consumer prices in Croatia increased by 4.5% in December 2023, while inflation for the entire year was 8.0%. Compared with December 2022, the prices of restaurant and hotel services on average increased the most (by 12.4%). Labour market trends in 2023 were very positive, with a further decrease in unemployment of around 2.4% compared with 2022.

The government's job-preserving policy, by keeping a stable labour market, and various other measures that have enabled further growth in the average wage, contributed to the economic recovery and a relatively large increase in personal consumption.

There were no significant changes in collective bargaining structures and frameworks. There is no comprehensive database, and no reliable sources on trade union membership and collective agreements exist. A new sectoral collective agreement for the wood and paper industry was signed. This is the third collective agreement signed at sector level (other two are in construction and tourism), and it may contribute to the development of collective bargaining at this level. It guarantees joint action in order to protect the industry and improve working conditions, preserve jobs and raise the competitiveness of the entire sector. The Economic-Social Council in 2023 had nine meetings and discussed various economic and political issues.

All three trade union federations demanded that the actual value of pay be adjusted in accordance with inflation, but this is difficult to achieve since strained budgets in the public sector limit employers' options, and higher production costs in the private sector make it difficult to meet such demands. Employers argue that aligning pay with inflation is not possible without a significant increase in productivity.

The social partners participated in the process of developing amendments to the Labour Act (OG 151/22). These amendments include provisions to regulate working from home and to address fixed-term employment contracts. Regarding the latter, with certain exceptions, both the duration (a maximum of three years) and the number (a maximum of three consecutive contracts) of fixed-term employment contracts are now limited, which was not the case previously. New provisions on probationary periods resolve the situation where an employee needs to be absent from work during the probationary period due to reasons such as sick leave, maternity leave or parental leave.

The Act on Elimination of Unregistered Work entered into force on 1 January 2023 and sets out the rules aimed at combating non-payment of salaries, salary add-ons and contributions as well as hidden or unregistered employment.

Accumulating problems in the judiciary culminated in an almost two-month strike by court officials and state employees that began on 5 June with a request to increase the salaries of judicial officials.

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All Eurofound publications are available at www.eurofound.europa.eu

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