



Eurofound

# Trends in quality of life

Croatia: 2007–2012



European Quality of Life Survey (EQLS)



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Croatia: 2007–2012

### **Abbreviations used in this report**

<b>CBS</b>	Croatian Bureau of Statistics
<b>CPI</b>	Corruption perceptions index
<b>EQLS</b>	European Quality of Life Survey
<b>ERDF</b>	European Regional Development Fund
<b>ESF</b>	European Social Fund
<b>ESS</b>	European Social Survey
<b>ESSPROS</b>	European System of Integrated Social Protection Statistics
<b>EWCS</b>	European Working Conditions Survey
<b>GDP</b>	Gross domestic product
<b>HBS</b>	Household Budget Survey
<b>IMF</b>	International Monetary Fund
<b>IPA</b>	Instrument for Pre-Accession Assistance
<b>JAP</b>	Joint Assessment of the Employment Policy Priorities of the Republic of Croatia
<b>JIM</b>	Joint Memorandum on Social Inclusion
<b>LFS</b>	Labour Force Survey
<b>MoF</b>	Ministry of Finance of Croatia
<b>NEF</b>	New Economics Foundation
<b>NHCS</b>	National Health Care Strategy
<b>NSMHP</b>	National Strategy for Mental Health Protection
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>PAYG</b>	Pay as you go, or pension system with intergenerational solidarity
<b>PCA</b>	Principal component analysis
<b>PPS</b>	Purchasing power standard
<b>SEEHN</b>	South-eastern Europe Health Network
<b>UNDP</b>	United Nations Development Programme
<b>UNICEF</b>	United Nations International Children's Emergency Fund
<b>WHO</b>	World Health Organization



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# Trends in quality of life Croatia: 2007–2012

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# Contents

Executive summary	1
Introduction	5
1 – Standard of living and deprivation	11
2 – Work and employment	19
3 – Quality of society	25
4 – Health and healthcare	35
5 – Subjective well-being	43
6 – Conclusions and policy messages	51
References	55
Annexes	61

## Country groups and codes used in the report

### Country groups

<b>EU12</b>	12 EU Member States that joined in 2004 and 2007 (Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia)
<b>EU27</b>	27 EU Member States (as at the time of the survey, 2012)
<b>EU28</b>	EU Member States (as at the time of reporting, including Croatia)

### Country codes

#### *28 EU Member States*

<b>AT</b>	Austria	<b>FI</b>	Finland	<b>NL</b>	Netherlands
<b>BE</b>	Belgium	<b>FR</b>	France	<b>PL</b>	Poland
<b>BG</b>	Bulgaria	<b>HR</b>	Croatia	<b>PT</b>	Portugal
<b>CY</b>	Cyprus	<b>HU</b>	Hungary	<b>RO</b>	Romania
<b>CZ</b>	Czech Republic	<b>IE</b>	Ireland	<b>SE</b>	Sweden
<b>DE</b>	Germany	<b>IT</b>	Italy	<b>SI</b>	Slovenia
<b>DK</b>	Denmark	<b>LT</b>	Lithuania	<b>SK</b>	Slovakia
<b>EE</b>	Estonia	<b>LU</b>	Luxembourg	<b>UK</b>	United Kingdom
<b>EL</b>	Greece	<b>LV</b>	Latvia		
<b>ES</b>	Spain	<b>MT</b>	Malta		

#### *Candidate countries*

<b>MK</b>	Former Yugoslav Republic of Macedonia <sup>1</sup>
<b>TR</b>	Turkey

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<sup>1</sup> This is a provisional code that does not prejudice in any way the definitive nomenclature for this country, which will be agreed following the conclusion of negotiations currently taking place under the auspices of the United Nations ([http://www.iso.org/iso/country\\_codes/iso\\_3166\\_code\\_lists.htm](http://www.iso.org/iso/country_codes/iso_3166_code_lists.htm)).

# Executive summary

## Introduction

Some indicators of quality of life are monitored in Croatia, but quality of life issues are addressed in public and political debates to a rather limited degree. The European Quality of Life Survey (EQLS) is a unique monitoring tool that enables key aspects of quality of life to be examined and assessed in an international perspective.

This report presents the trends and changes in quality of life among the Croatian population based on the survey rounds conducted in 2007 and 2012. This period is especially interesting because it covers the beginning of the global economic crisis and therefore the report captures its impact on society. It also provides data on quality of life indices before Croatia's integration into the EU in 2013.

## Policy context

Recent Croatian history is overshadowed by three political events: the fall of communism (1990), the declaration of independence from Yugoslavia (1991), and the war of independence (1991–1995). Transitional problems occurred alongside war-related problems and contributed to the country's slower democratisation process than that found in other post-communist countries. Croatia was granted EU candidate status in 2004 and in 2013 became an EU Member State.

The European Commission's position paper for the period 2014–2020 pointed out the main developmental challenges for Croatia, across four areas: a) an under-development of knowledge-based factors of growth and insufficient infrastructure; b) low labour market participation, inefficient education system and a difficult social situation; c) protection of the environment and natural resources and adapting to climate change; and d) inefficient public governance and weak involvement of social and institutional partners.

## Key findings

- The standard of living was lower in Croatia than in the EU28 both in 2007 and in 2012. While disposable household income significantly decreased in the observed period, material deprivation and ability to make ends meet did not change. About 30% of people reported that making ends meet was difficult or very difficult. Older people and those with a lower education level remained the most vulnerable groups in this regard.
- Home ownership is very common in Croatia due to mass privatisation of the formerly state-owned housing stocks at the beginning of the 1990s. The situation in terms of accommodation space and quality of housing, especially in rural areas, is less favourable than in many EU countries, but has improved since 2007.
- One of the biggest problems of the Croatian economy is the high unemployment rate, especially for young and older people. The proportion of retired people is higher than in the EU28 and increased by 7.9% from 2007 to 2012. This is partly a consequence of early retirement, which was treated not as an exception, but as a general rule for retirement.
- Croatians work longer hours than other workers in the EU. Their sense of job security decreased in the period 2007–2012 so that in 2012, 29% of workers thought they were likely or very likely to lose their job in the six months ahead. Long working hours combined with feelings of insecurity can result in a poor work–life balance. Workers in Croatia are more likely to experience such conditions than workers in other European countries.
- In terms of quality of society, people in Croatia have low levels of trust in others as well as in institutions. The least trusted institution is the legal system, which may be a consequence of the high perception of corruption in the country. The perceived quality of public services improved from 2007 to 2012 but is still below the EU28 average.

- People in Croatia feel that there is a high level of tension between different social groups, especially between poor and rich people, and management and workers. Perceived social exclusion decreased between 2007 and 2012, but in both years was somewhat higher than the EU28 average. The perception of being excluded among people on a lower income, people with a lower level of education and older people was much more pronounced in 2007 than in 2012: this reduction in the gap between different social groups in terms of feelings of belonging and connectedness within society is one positive change in the observed period.
- Perceived quality of health and access to health services showed significant improvements between 2007 and 2012. These improvements were especially pronounced among the most vulnerable groups of people: older people, lower income groups and those living in rural areas. One possible reason for such improvements is the introduction of the ‘e-health initiative’ in 2011.
- The subjective well-being of the population significantly increased in the 2007–2012 period, especially for those on a lower income, those living in rural areas, the unemployed and retired people. This increase can be understood in the context of positive expectations regarding EU membership.

### Policy pointers

- The most direct policy response to deal with material deprivation and low income is to raise income levels and increase employment possibilities. The positive effect of the Croatian accession to the EU, primarily through better absorption of EU funds and the strengthening of foreign investments, should contribute to economic recovery and consequently improve the unfavourable economic position of the population.
- Improving the employability of the labour force should continue to be a key policy priority. Unemployed people and their families, as well as low-skilled people, are most at risk of income poverty. Social inclusion and anti-poverty policies should rely more intensely on labour activation measures, in particular on facilitating job creation and increasing employability through education and training.
- Workers in Croatia work long hours and perceive high levels of job insecurity and poor work–life balance. Therefore, more attention should be paid to labour regulations in order to create a more dynamic labour market and ensure labour flexibility and job security. Employees should be offered greater choices in setting their work schedules in order to be able to balance family, social and work life. The availability of childcare services should be increased to encourage a higher rate of labour participation among women.
- Low trust in public institutions should be addressed by making institutions more transparent and accountable to citizens. The strengthening of anti-corruption measures would contribute to increased trust in public institutions, especially the legal system.
- Opportunities for civil and political involvement need to be increased because participation can contribute to the overall quality of society by strengthening its sense of social solidarity. Increasing the educational levels of citizens could strengthen their personal capacities as well as contribute to fuller participation in society. This is particularly important when people perceive a high tension level between social groups and trust in public institutions is low.
- Introducing the ‘e-health initiative’ in Croatia proved to be successful. It resulted in improved perceptions of healthcare service accessibility. This serves as a good example of how public visibility and good media coverage can enhance awareness of various reforms in society. In order to further improve people’s physical and mental health, special schemes should be introduced that focus on preventive health programmes and health education.

- The monitoring of subjective well-being can lead to valuable data, especially when people are anticipating substantial changes and reforms; something that is expected to happen now that Croatia has joined the EU. Although subjective well-being improved between 2007 and 2012, it is still relatively low among older people, lower income groups, and unemployed people. Measures to increase labour market participation and ensure adequate income for everyone, but especially older age groups, are necessary and in accordance with the EU's growth strategy, Europe 2020.



## General approach to quality of life

Measuring the quality of life of a population and examining the relationship between well-being and wealth are becoming regular procedures in many countries (Bonini, 2008). There are several international organisations or programmes that measure and evaluate quality of life globally, comparing individual nations and aiming to put quality of life on the agenda of social thinking and planning. Examples include the work of Eurofound, the Gallup World Poll, the OECD's Better Life initiative, the New Economics Foundation (NEF), the United Nations Development Programme's human development reports (UNDP-HDI), and the European Social Survey (ESS).

The concept of quality of life is understood through a multidimensional framework as proposed in the *Report by the Commission on the measurement of economic performance and social progress*. The report endorsed a framework encompassing various dimensions that should be taken into account when measuring quality of life. Such dimensions include: material living conditions (income, wealth and consumption); health; education; personal activities including work, political voice and governance; social connectedness and relationships; natural and living environment; and economic and physical safety (Stiglitz et al, 2010).

The Eurofound approach to the concept of quality of life is based on a similar premise, and takes into account the multidimensionality of the concept as well as the need to compare objective and subjective data (Eurofound, 2007). It identifies three major characteristics that are associated with the quality of life concept:

1. Quality of life refers to individuals' life situations. The concept requires a micro perspective, where the conditions and perceptions of individuals play a key role.
2. Quality of life is a multidimensional concept based on a holistic view of human well-being. It looks at a number of domains of people's lives and the interplay between these dimensions. The principal domains include: subjective well-being, health and mental well-being, standard of living, work-life balance, public services, trust and tensions, participation and exclusion.
3. Objective and subjective indicators are used to measure quality of life. Subjective perceptions and evaluations are of particular relevance when linked to objective living conditions.

## Quality of life in Croatia

So far, quality of life has not received substantial attention in public and political discourse in Croatia. The regular monitoring of various indices of subjective well-being does not take place, but objective indicators relevant to quality of life that are monitored include: standard of living, work and employment, and human rights and human development indices. The Croatian Bureau of Statistics (CBS) annually conducts a Household Budget Survey (HBS) and Labour Force Survey (LFS). Other relevant sources of quality of life indices are World Bank studies that assess living standards, UNDP reports on human development, UNICEF reports on the rights of children and women in Croatia, as well as national reports by the Croatian government on the implementation of a joint memorandum on social inclusion (JIM) and the joint assessment of employment policy priorities (JAP).

In 2003, Eurofound launched a project on monitoring quality of life in Europe. This unique monitoring tool enables a cross-country examination of key aspects of quality of life. Since then, three surveys have been conducted: in 2003, 2007 and 2012. In addition to these surveys, Eurofound has provided a series of valuable reports analysing trends in quality of life on a comparative basis. These reports identify emerging issues and areas of concern within the enlarged Europe and provide EU policymakers with a solid basis from which to promote improvements (Eurofound, 2003).

Croatia was included in the EQLS survey for the first time in 2007. Before the survey was conducted, Eurofound prepared a report on the key findings from national research on quality of life in Croatia (Eurofound, 2007). The report included all the major dimensions of quality of life analysed through secondary information and available data sources, such as official statistics and various national research studies. Such sources were not aimed at capturing quality of life of citizens. Moreover, the report gave a picture of Croatian society and its major features, but not an empirical one.

An empirical study based on the Eurofound questionnaire was conducted in 2006 by UNDP Croatia on a nationally representative sample of 8,500 respondents (UNDP, 2006). In 2007, the second EQLS included Croatia. Four years later, a second Eurofound report was based on empirical data of the survey of the second EQLS carried out in 2007 and included Croatia, the former Yugoslav Republic of Macedonia and Turkey (Eurofound, 2011).

The present report analyses data from the second (2007) and third (2012) EQLS conducted in Croatia, presenting a unique opportunity to learn more about Croatia, for both other EU countries and the population of Croatia itself. It enables the Croatian population to see where they are in terms of their quality of life, to understand major societal changes over a five-year period and to possibly predict future trends.

### Background and EU accession

Croatia is a relatively small country in south-eastern Europe, surrounded by Slovenia, Hungary, Serbia, Montenegro, and Bosnia and Herzegovina, and sharing a sea border with Italy. Its land mass covers 56,542 square kilometres of land and its territorial waters comprise 31,067 square kilometres. According to the 2011 census, the Republic of Croatia has 4.3 million inhabitants. The capital is Zagreb with 790,000 inhabitants in 2011. The three other major cities in Croatia are: Rijeka (126,000 inhabitants), Split (178,000 inhabitants) and Osijek (108,000 inhabitants).

Recent Croatian history has been almost completely overshadowed by three political events: the fall of communism, with the first free elections held in 1990; the declaration of independence from Yugoslavia in 1991; and the war of independence, which started in 1991 and ended in 1995 when Croatia regained much of its occupied territories by military force. The war resulted in a high death toll, as well as significant damage to property. Transitional challenges, together with war-related problems, contributed to a slower democratisation process in Croatia than in many other post-communist countries.

Croatia became a member of the Council of Europe in 1996, and established its relationship with the EU by signing the Stabilisation and Association Agreement in 2001. Croatia was granted candidate status in 2004 and the negotiation process with the EU began in October 2005. The Republic of Croatia became an EU Member State on 1 July 2013.

Croatia entered into a recession in the second half of 2008, approximately one year later than other European countries (Bartlett and Monastiriotis, 2010). Unfavourable economic trends, which were present from the beginning of the crisis, have marked the entire period of the recession, from end of 2008 to the present. The negative consequences were partly mitigated in 2011: gross domestic product (GDP) growth was negative in 2009 (at -6.9%) and in 2010 (at -2.35), but in 2011 there was a zero growth rate of GDP, which pointed to a possible end of the economic crisis. However, in 2012, GDP dropped again by 2%, which had adverse effects on the labour market situation; primarily in terms of reduced employment, increased unemployment and a decrease in salaries. The cumulative decrease of real GDP in the period 2009–2012 amounted to 11.2%, with an average annual growth rate in the same period of -2.8% (European Parliament, 2013).

Croatia is facing two main challenges: the ongoing economic crisis and demographic changes characterised by an ageing population, with a high proportion of older people and a shrinking working-age population. During the preparation for its full EU membership, Croatia went through the process of adjusting its legal framework and the organisation of its public services in order to achieve strong alignment with the European Commission's Common Strategic Framework. The Europe 2020 strategy for smart, sustainable and inclusive growth represents the foundation for the development of future national strategies. The recently launched Social Investment Package provides policy responses to these challenges by investing in people and strengthening their skills and capacities to enable them to fully participate in employment and social life (European Commission, 2013a).

The European Commission's position paper on Croatia for the period 2014–2020, presented in January 2013, set out the main developmental challenges for Croatia across four areas:

- under-development of knowledge-based factors of growth and insufficient infrastructure;
- low labour market participation, an inefficient education system and a difficult social situation;
- protection of the environment and natural resources and adapting to climate change; and
- inefficient public governance at central/local level and weak involvement of partners (European Commission, 2013b).

Based on these challenges, new funding priorities were set for Croatia, following the Instrument for Pre-Accession Assistance (IPA) from 2007–2013. Focus was placed on the following priorities: attracting more people to work; reducing regional inequalities; providing better education for more people; promoting the social inclusion of disadvantaged groups; and strengthening the role of civil society organisations.

These challenges still exist and should be taken into account while developing national development strategies for the period 2014–2020.

## Aim of the report

This report aims to present trends and changes in the quality of life of the Croatian population from 2007 to 2012, by drawing from the relevant EQLS surveys. This period is especially interesting as it includes the beginning of the global economic crisis and therefore enables the examination of its impact on the quality of life of people in Croatia. The key indices of quality of life include: perceived standards of living; material deprivation; housing; work and employment; work–life balance; quality of society in terms of trust in people and institutions; quality of public institutions; social tensions and social exclusion; physical and mental health; healthcare; and several indices of subjective well-being, such as life satisfaction, happiness and optimism. The main challenge in analysing these domains was to compare trends and changes within the country with those in the EU28, to give a better understanding of challenges regarding Croatia's process of integration into the EU. (While the third EQLS was being conducted in 2011 and 2012, Croatia was close to becoming the 28th EU country.) Where appropriate, comparisons were also made between Croatia and the group of countries that joined the EU in 2004 and 2007 (EU12). These data were analysed to reveal any differences in the socio-demographic characteristics of the Croatian population, such as age, gender, income, education, and type of settlement, which previous studies have shown to affect quality of life (Eurofound 2007; Eurofound, 2011).

## Methodology

### EQLS

In order to provide a comprehensive analysis of trends and changes in quality of life in Croatia, data from the second and third round of EQLS were used. The second round of EQLS was carried out from September 2007 to February 2008 in 31 countries: the EU27, Croatia, the former Yugoslav Republic of Macedonia, Norway and Turkey. The third round included the 27 EU Member States and seven non-EU countries: Croatia, Iceland, Kosovo, the former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey. Fieldwork in the EU27 took place between the end of September 2011 and early February 2012, while fieldwork with the non-EU countries took place between May and August 2012.<sup>1</sup> The target population in both studies comprised all residents in each country, aged 18 years or older. Both surveys were questionnaire-based, with interviews conducted mostly face to face in people's homes, and in the national language(s) of the country. Questionnaires were designed to take 30 minutes to complete within an interview and covered a broad spectrum of information on living conditions, housing, local environment, health, public services, social cohesion, quality of society and subjective well-being. The target sample sizes in both rounds ranged from 1,000 in the smaller countries, to up to 3,000 in countries with the biggest populations. The basic sampling procedure, in both rounds, was multi-stage, stratified random sampling. In both rounds, extensive and rigorous quality control was performed by internal and external agents.

Sample data for each country were weighted by age, sex, urbanisation level and region to conform to national population patterns. For all cross-country analyses and comparisons, additional weights were used (w5\_total). This weighting variable combines the within-country design weights with a weighting of countries' data according to the size of the country. More information about the survey's methodology can be found on the Eurofound web pages.

### Measures used

This report provides an analysis of trends in quality of life domains from 2007 to 2012 in Croatia. Observed changes in quality of life in Croatia are compared to corresponding trends in the EU28 and EU12. The research focused on pronounced changes in some of the quality of life domains in Croatia and on marked differences in trends between Croatia and other EU country groups.

In addition to comparing the results of the original variables measured by EQLS questionnaires, this report presents changes in several composite measures and indices constructed and introduced by previous Eurofound reports. Annex 2 provides a brief description of the measures used.

### Statistical analysis

Most of the results are presented graphically. Tables are used to present and analyse results for specific categories of participants (in relation to gender, age, education or income level). The report focuses on changes in quality of life measures between 2007 and 2012.

Observed time trends in Croatia are compared to corresponding changes in the EU28 and/or EU12, and whenever possible all three groups of countries are presented together. For some variables of particular interest the trends for all European countries participating in both EQLS rounds are graphically presented.

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<sup>1</sup> While fieldwork in the EU27 took place between the end of September 2011 and early February 2012 for the third wave of the EQLS, for simplicity, throughout this report, these data are presented as 2012.

For the scale variables and composite indices, changes are represented by mean scores, and for categorical variables by responses in the respective categories. Mean score differences were inferentially tested by t-tests (two comparable means) or ANOVA (three or more comparable means), with significance levels of 5% ( $p < .05$ ).

The differences in trends in average scores between Croatia and specific groups of European countries (EU28 and EU12) were also inferentially tested.<sup>2</sup> The differences in slopes of change between Croatia and other EU country groups were tested by two-way analysis of variance (ANOVA). The significant interaction effect in ANOVA clearly depicts which quality of life factors have seen a reduction in the gap between Croatia and other EU countries. The two-way ANOVA, with specific interest in the interaction effect, was also applied in comparisons of trends over time for specific subgroups of the Croatian population. Changes in trends of frequencies of responses observed in categorical variables between Croatia and EU country groups were tested by the series of Chi-squared tests. Regression analysis was applied for identifying the relevant predictors of general life satisfaction among the Croatian population in two research waves.

It is important to note that all findings discussed and reported in relation to existing differences between respective groups or waves, or relevant differences between subgroups in two time points, have been statistically tested and found significant. All insignificant differences, even if they are descriptively observed, are viewed as equal results or as no change over time.

Furthermore, to ensure the validity and internal reliability of composite measures (indices) used in this survey, factor analysis was applied, whenever possible, and scale reliability was calculated. Basic scale structure and reliability statistics of composite measures used can be found in the description of indices in Annex 2.

## Structure of the report

Findings are structured around individual dimensions of quality of life. Chapter 1 reports on standard of living and deprivation. Chapter 2 addresses work and employment. Chapter 3 focuses on quality of society. Chapter 4 explores health and access to healthcare. Chapter 5 considers subjective well-being. Chapter 6 draws conclusions on the findings presented and presents key policy pointers.

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<sup>2</sup> For testing the statistical difference between Croatia and EU countries, EU27 results were used (excluding Croatia) because of exclusivity of categories.



# Standard of living and deprivation 1

## Context

According to the main economic indicators, Croatia faced several problems between 2007 and 2012. During this period, inequalities of income distribution mostly stagnated up to 2009 (Gini coefficient 0.28–0.29) and increased in more recent years; in 2012 the Gini coefficient was 0.31. The at-risk-of-poverty rate began to rise at the start of the economic crisis, going from 17.4% in 2008 to 18% in 2009. By 2012, it was 21%. Relative poverty rates were higher than the national average rate among the following groups: children and young people; older people; single person households (especially among older people living alone); single parent families; families with two adults and three or more children; and unemployed people, especially unemployed men. Consequently, the number of social welfare recipients has been increasing. In late October 2012, 2.6% of Croatian citizens received social welfare assistance of some kind (Ministry of Social Policy and Youth, 2013a).

The European platform against poverty and social exclusion, one of the flagship initiatives of Europe 2020, was developed as a policy response to the growth in unemployment and increase in the number of people who cannot participate fully in the economic and social life of their community (European Commission, 2013a). One of the main goals of Croatia's economic programme (2013) is to reduce poverty and social exclusion for 100,000 people by 2020. As a way of measuring improvement, the Ministry of Social Policy and Youth recently prepared the Strategy for Fighting Poverty and Social Exclusion in the Republic of Croatia 2014–2020 (Ministry of Social Policy and Youth, 2013b). The strategy envisages the use of European structural funds for reshaping the social welfare system and introducing more efficient social inclusion policy measures.

## Household income

A household's amount of disposable income is an important factor that affects standard of living and life satisfaction. According to the EQLS data, the average disposable household income in Croatia is significantly lower than in the EU28 and somewhat higher than the EU12 (Figure 1). These data are in accordance with official Eurostat statistics showing that in 2010, median gross hourly earnings were €4.80 in Croatia, €11.9 in EU27 and €3.2 in EU12. While there are vast differences between EU Member States regarding median gross hourly earnings, the differences are lower when the purchasing power standard (PPS) is included. One PPS can buy the same amount of goods and services in each country. Employees in Croatia earn 40.3% percent of EU27 average earnings, but 59.6% of EU27 average PPS (Eurostat, 2013a).

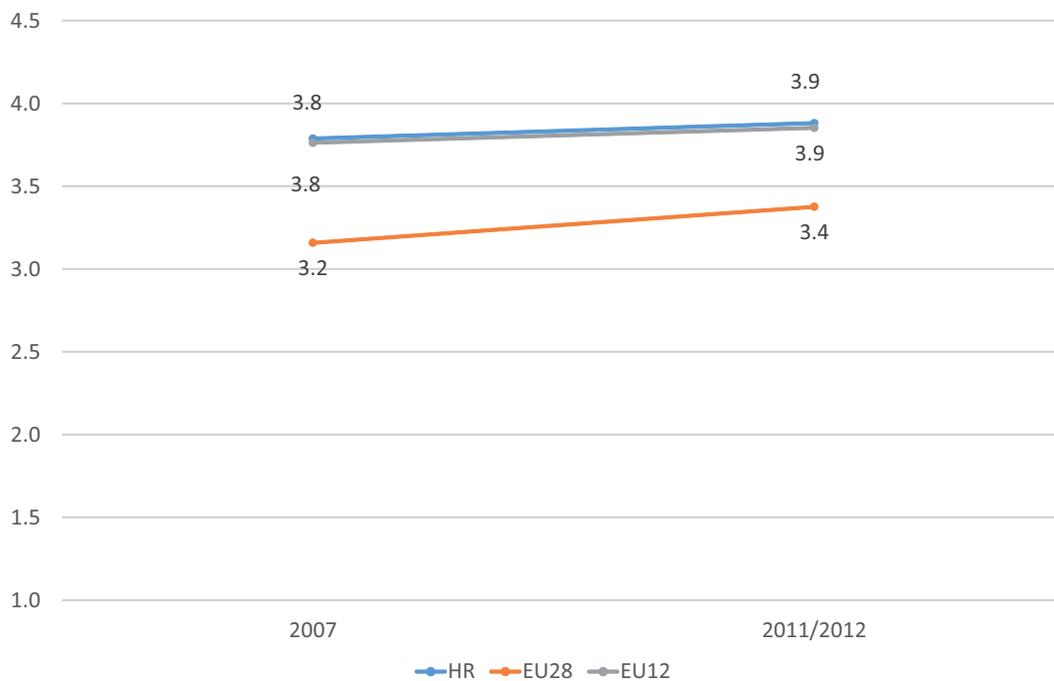
According to the EQLS data, people on a higher income were more affected by the observed decrease in income in the period 2007 to 2012 than those on a lower income. The average disposable household income dropped from about €1,800 per month in 2007 to €1,450 in 2012 in the highest income quartile group, while it did not change for the lowest income quartile group in either year; average income for this group was about €350 in both years. A similar pattern can be observed when analysing education levels: the average disposable income for people with tertiary education fell from about €1,600 in 2007 to €1,300 in 2012, whereas there was no change in average disposable income of people with primary education or less (about €550). The reduction in the amount of disposable income in the observed period had an equal effect on men and women, all age groups, employed and unemployed people and retired people.

Figure 1: Average disposable household income, 2007–2012, Croatia, EU28 and EU12



Note: Household income is given in euro, based on information from Q63 and Q64.

Figure 2: Ability to make ends meet, 2007–2012, Croatia, EU28 and EU12



Note: Q58: 'Thinking of your household's total monthly income: is your household able to make ends meet?' Scale ranged from 1 (very easily) to 6 (with great difficulty).

The perceived ability of households to make ends meet was higher in the EU28 than in Croatia and the EU12 (Figure 2), which is in accordance with the average disposable income levels across different groups of countries, outlined above. While in almost all EU countries the proportion of people who reported difficulties making ends meet was higher in 2011 than 2007 (Eurofound, 2012a), this was not the case for Croatia, where no change occurred. The ability to make ends meet was in both years perceived on average as being mildly difficult (on a scale of one to six, at 3.8 points in 2007 and 3.9 points in 2012). However, it should be noted that about 30% claimed that making ends meet was difficult or very difficult.

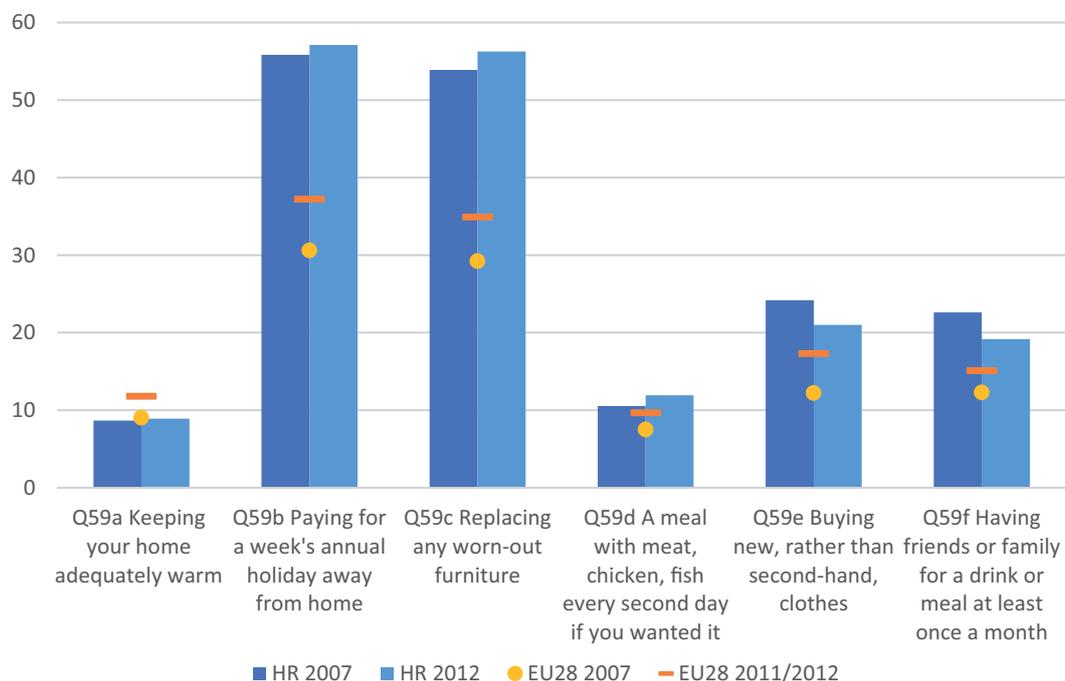
Although the average ability to make ends meet did not change between 2007 and 2012, changes did occur in how some subgroups perceived economic pressure. Employed people reported experiencing greater difficulties in 2012 than in 2007 (at an average of 3.8 and 3.4, respectively). Unemployed people experienced a similar level of difficulty in both years (4.3 in 2012 and 4.4 in 2007), while for retired people, a lower rate of difficulty was found in 2012 (3.9) compared to 2007 (4.1). A similar effect is found when comparing citizens from different income groups and educational levels. For the highest income group, perception of difficulties to make ends meet increased from an average of 2.9 in 2007 to 3.3 in 2012, while in other income groups it persisted on the same level. People who completed tertiary education experienced a greater level of financial difficulty in 2012 than in 2007 (rates averaging at 3.4 and 2.8, respectively), whereas people with only primary education or less perceived their ability to make ends meet as less difficult in 2012 (4.4) than in 2007 (4.7).

It can be concluded that people who are employed, better educated and with a higher income were more affected by the economic crisis than those who were unemployed, of lower education and with a lower income prior to the crisis. Both disposable income and perceived ability of a household to make ends meet decreased during the economic crisis for those with a higher income. By contrast, people of lower socio economic status (in terms of income, education and employment) perceived their situation as remaining the same or even somewhat improving when evaluating their household's level of difficulty in terms of making ends meet in 2007 and 2012.

## Material deprivation

The material deprivation index shows the (in)ability of households to access basic necessities. Again, no significant change was observed between 2007, when it was at 1.72, and 2012, when it was at 1.74. Separate components included in the index are presented in Figure 3. Croatian citizens perceived paying for holidays and replacing furniture as the index's least affordable items, while basic needs such as keeping the home adequately warm and having proper meals were perceived to be relatively affordable. However, it should be noted that almost 10% of respondents could not afford these basic necessities.

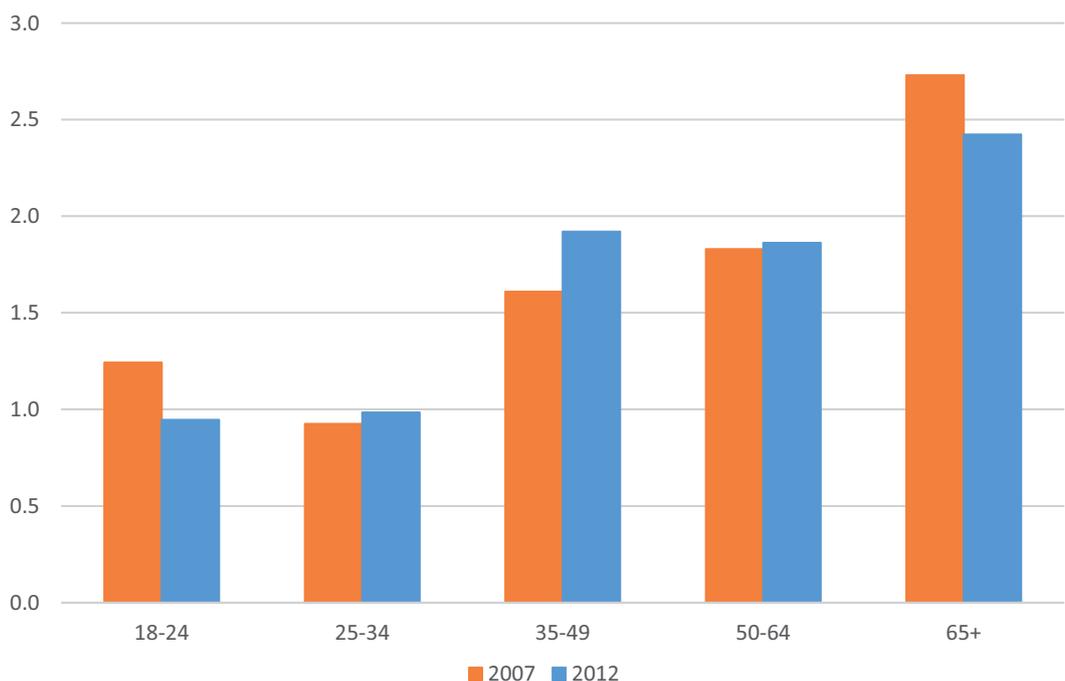
Figure 3: Material deprivation, 2007–2012, Croatia and EU28



Note: Proportion (%) who responded ‘No, cannot afford it’ to Q59a to Q59f, which asked whether the household could afford each listed item.

Analysis of the material deprivation index by age groups showed that those older than 65 years were the most vulnerable (Figure 4). That older households find it difficult to afford basic necessities is not surprising considering that the average old age pension in Croatia in 2010 was 39.5% of the average salary (Nestic, 2011).

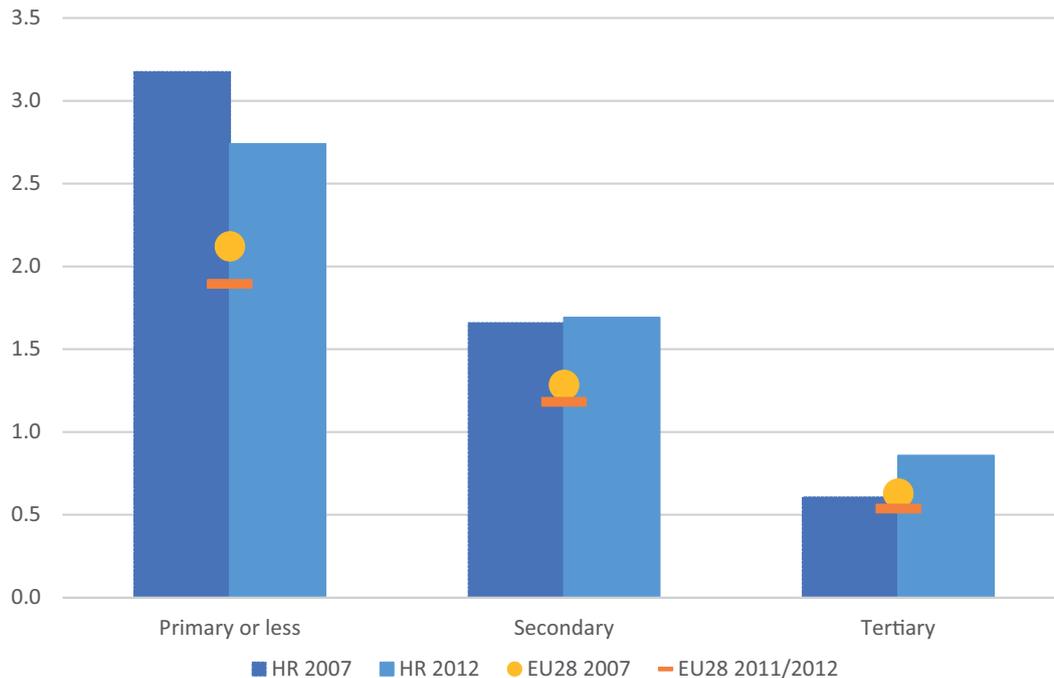
Figure 4: Material deprivation, 2007–2012 by age, Croatia



Note: Material deprivation index (average number of items a household cannot afford, out of six); for a detailed description of this index, see Annex 2.

A recent analysis of material deprivation in Croatia showed that material deprivation and poverty are closely related to low education, and that material deprivation is related to lower employability and a high possibility of unemployment (Karaman Aksentijević and Ježić, 2014). The analysis indicates a strong association between poverty and low levels of education: people who suffer from material deprivation are largely under-educated and often unemployed and, if they are employed, they are likely to be underpaid.

Figure 5: Material deprivation in 2007–2012 by education level, Croatia and EU28



Note: Material deprivation index (average number of items household cannot afford, out of six); for a detailed description of this index, see Annex 2.

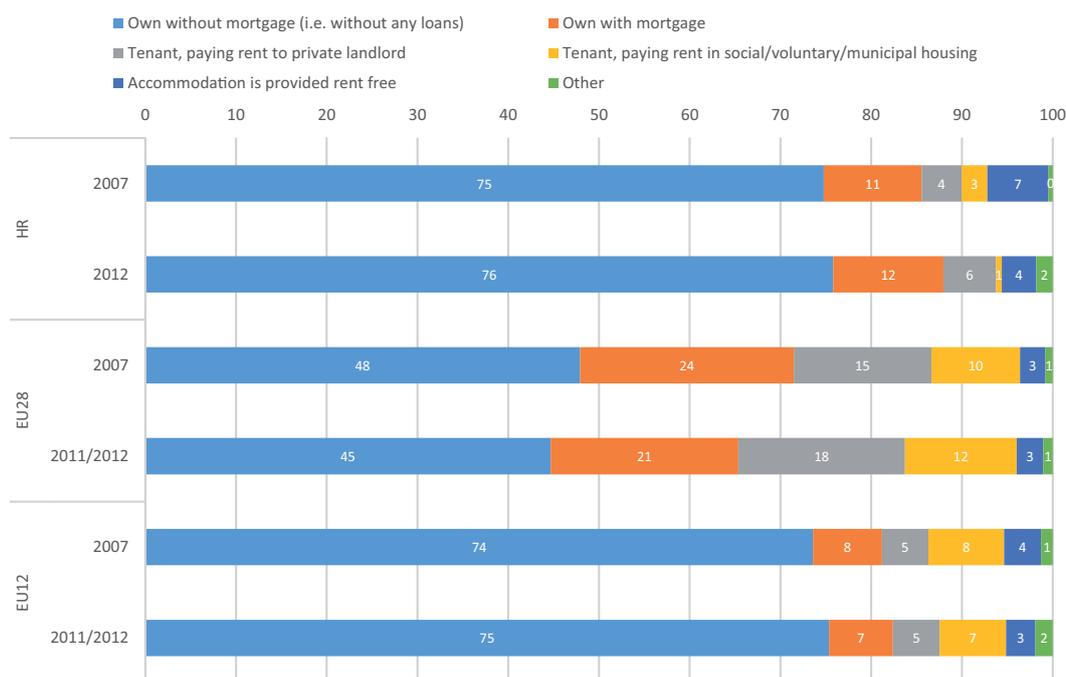
The relationship between education level and material deprivation indicates that the most deprived people are those with the lowest educational level. This is also evident in other European countries, but the differences are more pronounced in Croatia (Figure 5). However, the situation in Croatia improved slightly from 2007 to 2011–2012; the differences in material deprivation between the people with the highest and the lowest education were smaller in 2012 than in 2007. Drawing from the analysis of the interaction between education level and the material deprivation index, it seems that material deprivation in the observed period decreased among those with the lowest level of education, and increased among those with the highest education level. The increase in material deprivation among people with the highest educational level highly corresponds to the previously reported findings regarding the varying impact of the economic crisis on different income and educational groups in Croatia. It might also be related to the fact that from 2006 to 2011, the number of college graduates increased by 46%, yet by 2011, approximately one-third of them had not found employment (Obadić and Majić, 2013).

## Home ownership and quality of housing

Issues relating to housing, associated costs and housing quality are important for the well-being of Europeans (Eurofound, 2012a). In Croatia, the proportion of people who own a home without a mortgage is higher than that in the EU28 and similar to that in the EU12 (Figure 6). Three-quarters of Croatian citizens own an apartment or house due to the mass privatisation of the formerly state-owned housing stocks at the beginning of the 1990s, which was done at a very low cost. The proportion of home owners increased by one percentage point between 2007 and 2012. That is a

positive factor from a social policy perspective, but could endanger mobility of the Croatian labour force. The majority of home owners do not have a mortgage and, as a result, housing costs do not create additional financial pressure on the limited financial resources of many Croatian households (Ministry of Health and Social Welfare and European Commission, 2007). While every eighth citizen in the EU28 and every thirteenth in the EU12 is a rent-paying tenant in social, voluntary or municipal housing, this form of accommodation is underdeveloped in Croatia; less than 3% of citizens lived as tenants in 2007, decreasing to less than 1% in 2012.

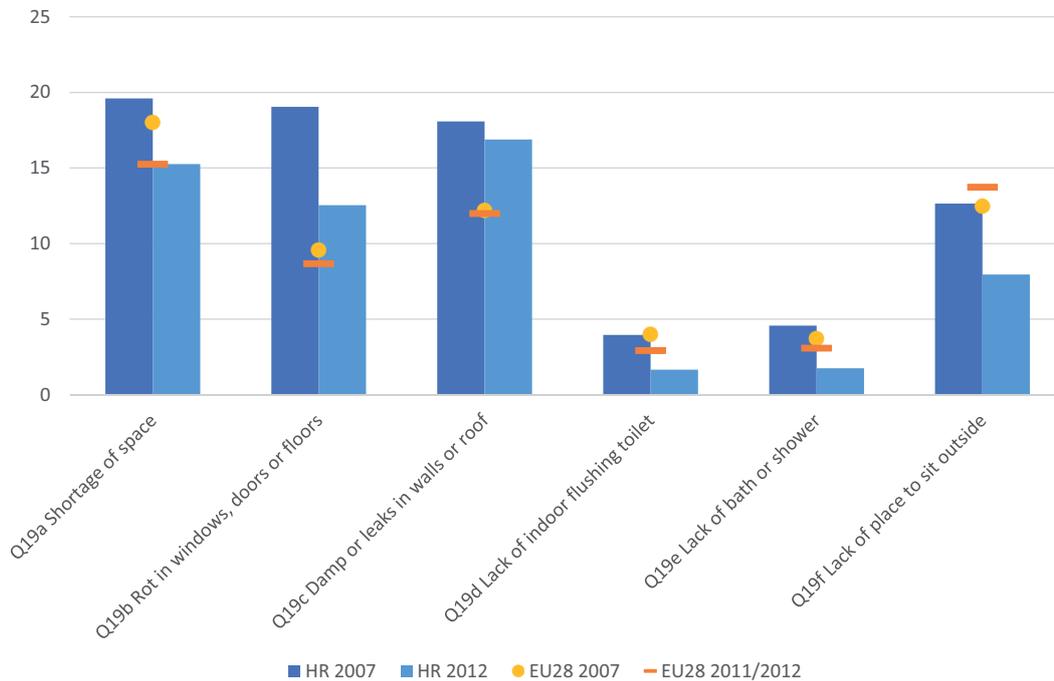
Figure 6: *Housing tenure, 2007–2012, Croatia, EU28 and EU12 (%)*



Note: Q18: ‘Which of the following best describes your accommodation?’

Regarding the size and quality of housing, the situation in Croatia in 2007 was not very favourable. One-room and two-room units represented almost one-half of the country’s housing stock. Neither were the indicators related to quality of housing favourable: more than one-tenth of flats did not have indoor flushing toilets and/or had no bathroom, while approximately one out of 15 flats were not connected to a water supply system and did not have indoor plumbing (Ministry of Health and Social Welfare and European Commission, 2007). However, the situation improved in the period 2007–2012, as shown in Figure 7. Every single accommodation issue improved, the biggest improvements being in relation to space shortages, rot in windows, doors or floors and lack of space to sit outside. Compared to the EU28, people in Croatia still experience more housing quality problems such as rot in windows, doors or floors and dampness or leaks in walls or roof. However, improvements have been made in regard to access to indoor flushing toilets, bath and shower facilities and space to sit outside.

Figure 7: Problems with accommodation, 2007–2012, Croatia and EU28 (%)



Note: Proportion of respondents answering yes to Q19a to Q19f.

The improvements in perceived accommodation problems during the observed period were evident in both urban and rural areas. In 2007, the biggest problems in urban areas were shortage of space and lack of place to sit outside, while the biggest problems in rural areas were rot in windows, doors and floors as well as dampness or leaks in walls and roofs. These problems were reported less often in 2012 and the differences between rural and urban areas were less pronounced.

The improvement in perceived accommodation in Croatia also led to an increase in citizens' satisfaction with accommodation, which rose significantly between 2007 and 2012. In 2012, average satisfaction levels were similar to those of the EU28 (Figure 24).

## Policy pointers

The macroeconomic situation in Croatia is worsening as a consequence of the economic crisis, and this is reflected in average monthly incomes. The average disposable household income decreased between 2007 and 2012 and in both years was much lower than in the EU28. Accordingly, the proportions of people presenting with material deprivation and difficulties in making ends meet were higher than corresponding EU28 figures. About 30% of people in Croatia in 2007 and 2012 reported that making ends meet was difficult or very difficult. The most direct policy responses to dealing with material deprivation and low income are raising income levels and increasing employment possibilities. The positive impact of Croatia's accession to the EU, primarily through better absorption of EU funds and the strengthening of foreign direct investment, should contribute to economic recovery and consequently improve the country's unfavourable economic position.

The analysis regarding the standard of living of households with respect to socio-demographic characteristics revealed groups that are especially vulnerable and at risk of poverty: older people and those with a lower educational level.

Therefore, strategies should be developed in order to reduce gaps between different age groups and to raise the educational level of citizens.

The proportion of home owners is very high in Croatia when compared to the EU28. That is a positive factor from a social policy perspective, but could endanger mobility of the Croatian labour force. One of the major problems in relation to housing in Croatia is the underdeveloped social housing rental sector – subsidised housing. This problem needs to be remedied through the provision of adequate and affordable housing for people who cannot afford to buy or rent housing in the private sector. The Social Housing Strategy should be further developed, considering its implementation was postponed due to fiscal and financial difficulties during 2010 (Ministry of Social Policy and Youth, 2013c).

# Work and employment 2

## Context

One of the main objectives of the Europe 2020 strategy for smart, sustainable and inclusive growth is that at least 75% of the population aged 20–64 years should be employed by 2020. Croatia has the lowest employment rate in Europe and high unemployment rates. In April 2010 the Croatian government adopted an economic recovery programme to safeguard macroeconomic stability and support faster recovery of the economy. A central element of this programme is the revision of labour regulations to create a more dynamic labour market by ensuring labour force flexibility and job security. Key strategies to accomplish this include:

- encouraging job creation and hiring by reducing the costs of hiring and firing, which are higher in Croatia than in most OECD countries;
- making work hours more flexible so that firms can adjust labour input to seasonal fluctuations in product demand; and
- promoting the adjustment of wages rather than employment to the fall in demand for labour (World Bank, 2011).

Increasing the employment rate and improving the employability of the labour force have become key objectives of the social and labour market policy in Croatia. They are essential for preventing and reducing unemployment and for improving the quality of life, standard of living and social inclusion of the population.

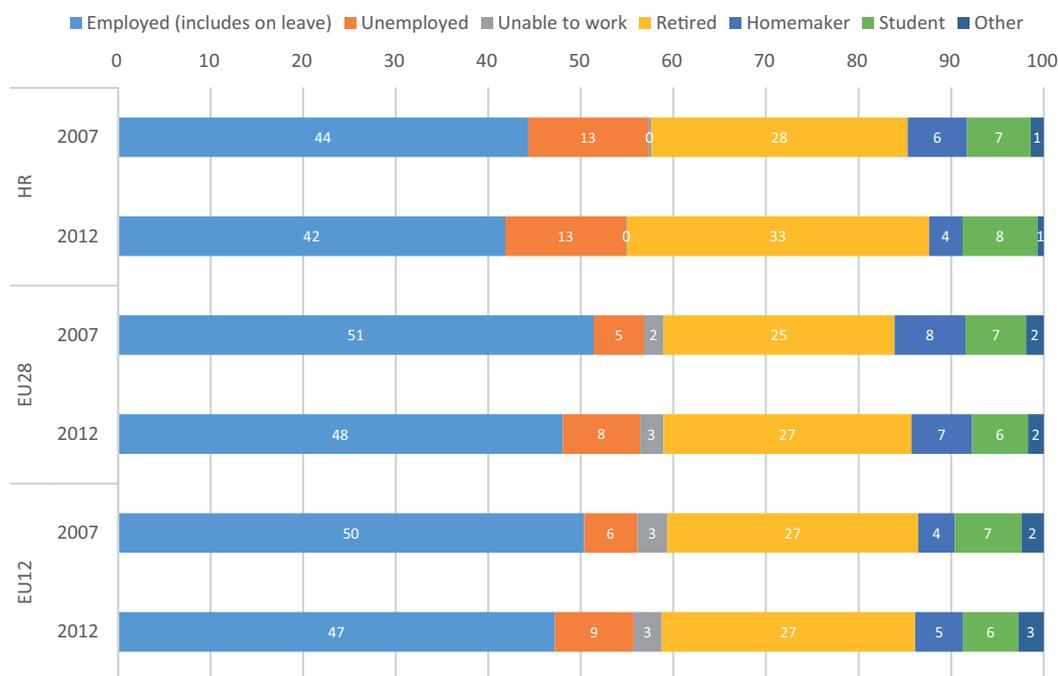
## Employment, working hours and job security

In 2011 the employment rate was 52.4% in Croatia and 64.1% in the EU28 (Eurostat, 2013b). Between 2007 and 2011 the total employment rate decreased by 4.8 percentage points. The employment rate is higher among men (57.9%) than among women (47%) (CBS, 2013). According to the Labour Force Survey, employment rates for the prime age group of 25 to 49 years is relatively high (75% for men and 68.2% for women), while very low for young people aged 15 to 24 years (at 23.9% for men and boys, and 15.8% for women and girls) and for those older than 65 years (at 6.7% for men and 4.3% for women).

Unemployment rates increased between 2007 and 2011, from 9.6% to 13.5%. Compared to men, whose average unemployment rate increased by 5.4 percentage points, women experienced an increase of only two percentage points. The reason is that the economic sectors that suffered most during the crisis are male-dominated: manufacturing industry and the building sector. These trends continued up to 2012, when the total unemployment rate came to 15.8% – 16.1% for men and 15.5% for women (CBS, 2013). Among unemployed people, almost 50% were unemployed for more than one year and one-third had been looking for a job for more than three years.

EQLS data on employment rates in Croatia, as shown in Figure 8, are more or less in accordance with the country's official statistics. In Croatia, employment rates are lower and unemployment rates are higher than those found in the EU28 and EU12, in both of the observed years. The proportion of retired people is also higher than in the EU28 and EU12, and increased by 7.9% from 2007 to 2012. The relatively large share of retired people in Croatia can be partly explained by rather generous early retirement schemes, which meant that early retirement was seen not as an exception but as a rule, as soon as people were entitled to retire. According to data from the Croatian Pension Insurance Institute, in 2010 the number of new early retirees increased by 76% in comparison to 2009 (Balokovic, 2011).

Figure 8: Employment status, 2007–2012, Croatia, EU28 and EU12 (%)



Note: Seven categories of employment status, from data recoded by Eurofound drawn from question: ‘Which of these best describes your situation?’

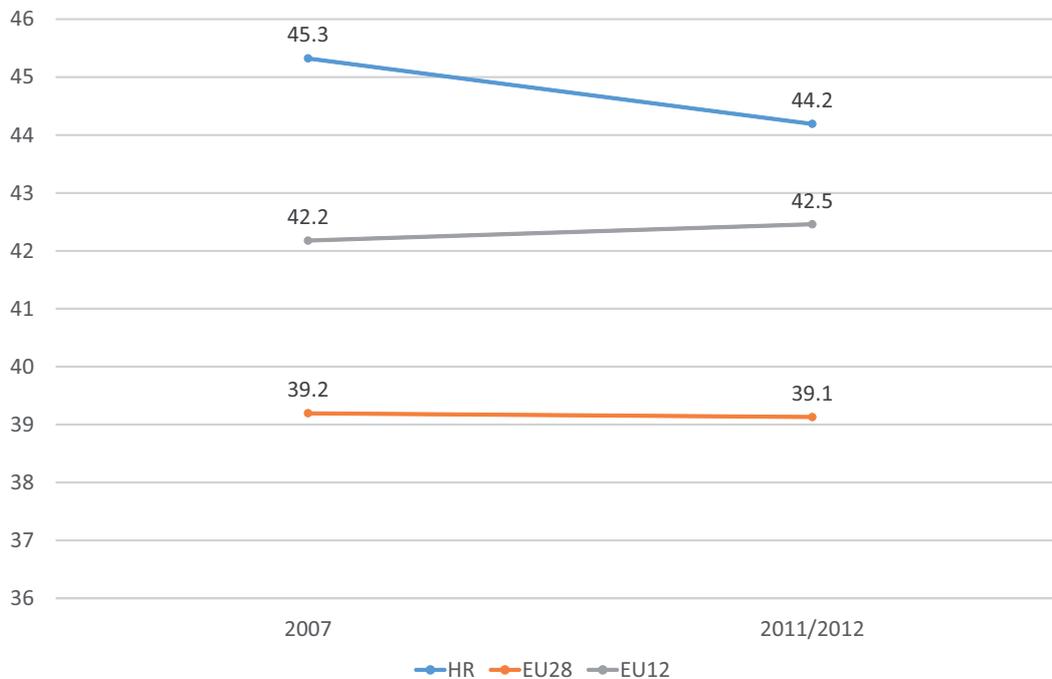
In terms of working hours, Croatian employees, on average, work longer hours than workers in the EU28 and EU12 (Figure 9). About 12% of Croatian workers in 2007 and 11% in 2012 had an additional job, a much higher proportion than that found in the EU28, where the corresponding figure was 6% in 2007 and 5% in 2012, and higher than the EU12 figures too, at 8% and 6%, respectively. A slight decrease in working hours in Croatia from 2007 to 2012 can be observed, but average working hours are still above EU figures.

According to Eurofound (2012c), Croatia came sixth among 34 European countries in terms of average weekly working hours. Long working hours in Croatia could be partly ascribed to two factors: a lower share of women in the labour force and the working time arrangements of self-employed people who are not subject to relevant employment legislation. The European Working Conditions Survey (EWCS) indicates that the higher the share of women in the labour force, the shorter the aggregate weekly working time becomes (Eurofound, 2012c). EQLS data confirm this; according to our analysis, men were working about two hours longer than women in 2007 and six hours longer in 2012. In addition, activity rates among women are much lower than those for men, and part-time work – engaged in more frequently by women than by men – is not common in Croatia. According to Eurostat (2013b), only 6.3% of people aged 15–64 years worked part-time in Croatia, in comparison to 19.2% in the EU28.

Better provision of supporting services for children and older people could contribute to an increase in female employment rates because women spend more time than men caring for dependent family members. Although quality of childcare services in Croatia is rated close to the EU28 average (see Chapter 3), it should be taken into account that the amount of childcare provision is much lower in Croatia. The proportion of households with children up to 12 years using childcare services is 25%, while in the EU28 it is 34%. It is an important area for improvement as suggested by national research on youth transition from education to employment (Matkovic, 2010).

Self-employed people work longer hours than others, and Croatia is in fifth place among 34 countries regarding the number of hours worked by self-employed people (Eurofound, 2012c). Moreover, there are more self-employed individuals in Croatia (17.6%) than in the EU28 (14.4%; Eurostat, 2013b).

Figure 9: Working hours in main job, 2007–2012, Croatia, EU28 and EU12



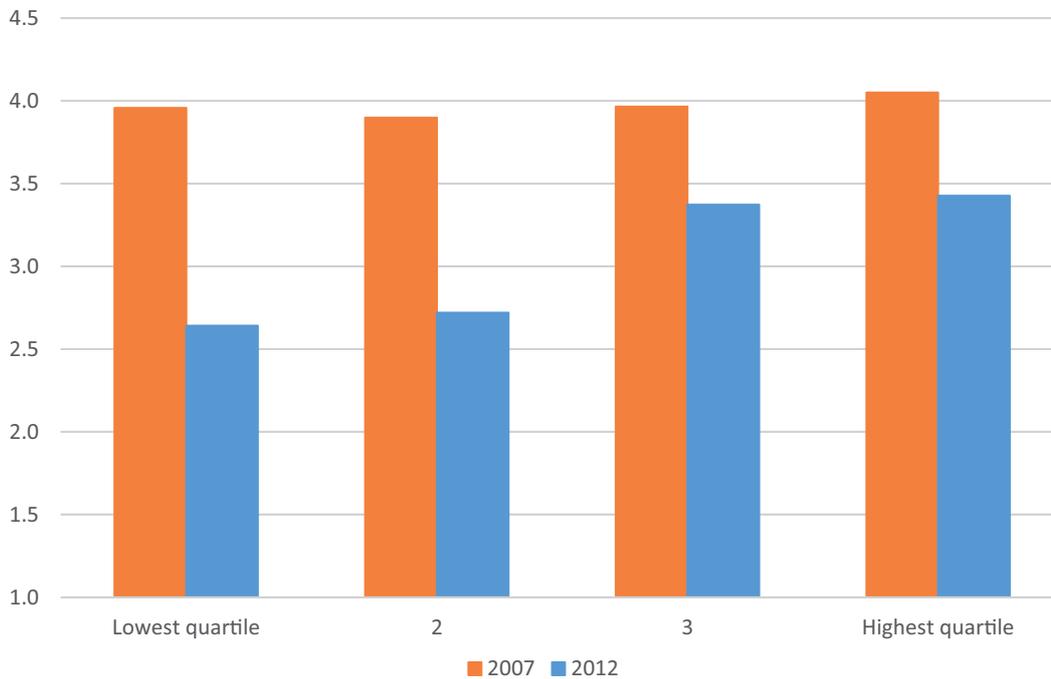
Note: Q7: ‘How many hours do you normally work per week in your main job?’

Longer working hours do not necessarily mean a higher income. There were no correlations between the household income and length of working hours in a main or additional paid job. One reason might be that self-employed people in Croatia, who were found to work longer hours, mostly comprise agricultural workers and older people living in rural areas, with a low income and low education (Botric, 2012). When analysing the length of working hours across people with different education levels, EQLS data show that people with a primary education or less worked approximately four hours longer in 2007 and two hours longer in 2012 than those with a tertiary education.

Croatian workers’ feelings of job security decreased between 2007 and 2012 (Figure 10), so that in 2012, 29% of Croatian workers thought they were likely or very likely to lose their job in the next six months. Considering the fact that Croatia’s unemployment rate has been increasing since 2009 and was 18% by the end of 2012 (CBS, 2013), it is not surprising that Croatian workers perceived there was a relatively high likelihood that they would lose their job. Many large Croatian companies were closed due to bankruptcy and many workers lost their job during the observed period.

There were no gender differences in perceived job insecurity. In 2012, workers on a lower income (first and second income quartile) felt more insecure than those on a higher income (Figure 10). Back in 2007, however, there were no income-related differences in perceived job security. In a national study conducted on a large sample of Croatian citizens from 2009 to 2011, job insecurity was found to be higher among those with a lower education than among workers with a secondary or post-secondary education level (Galic and Plecas, 2012).

Figure 10: *Perceived job insecurity by income, 2007–2012, Croatia*



Note: Q15: ‘How likely or unlikely do you think is it that you might lose your job in the next six months?’ Scale ranged from 1 (very likely) to 5 (very unlikely). Income quartiles based on equalised income.

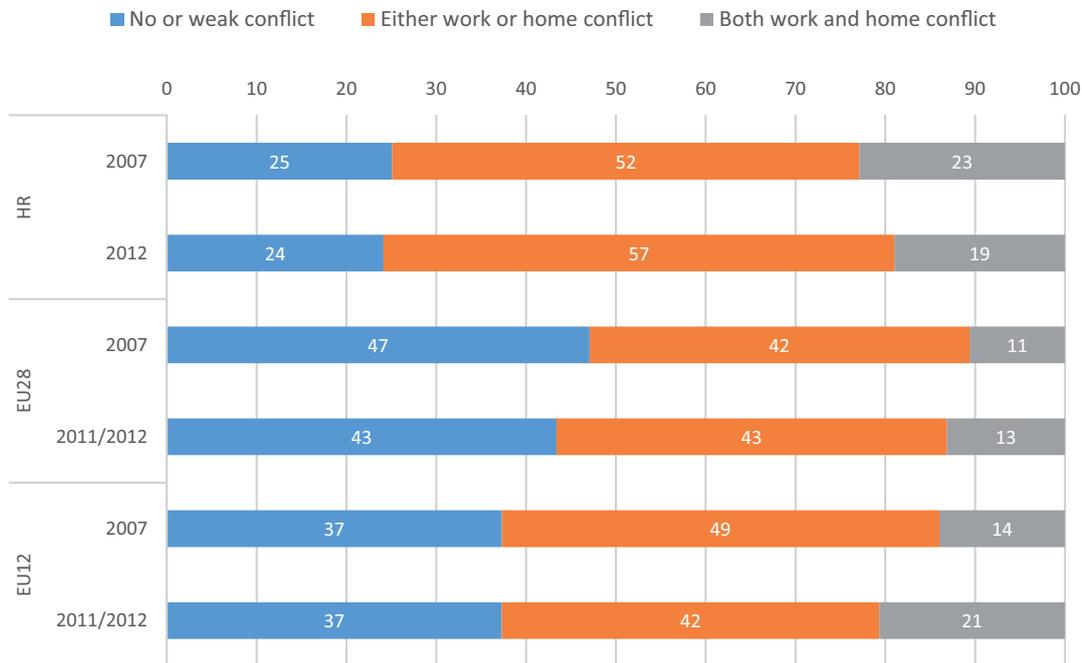
## Work–life balance

Work–life balance can be defined as the extent to which an individual is equally engaged in and equally satisfied with their work role and their family role (Greenhouse et al, 2003). Work–life balance has been found to enhance an individual’s quality of life (Eurofound, 2010d).

As presented in Figure 11, the Croatian population experienced higher levels of conflict related to work–life balance than people from the EU28 and EU12 in both 2007 and 2012; rates for Croatia were 75% and 76% respectively. Difficulties in fulfilling family responsibilities because of the amount of time spent at work did not change considerably between 2007 and 2012. About 20% of Croatian citizens experience these difficulties several times a week and about 30% experience them several times a month. Taking into account the longer working hours of Croatian workers, problems in achieving work–life balance seem to be a logical consequence. Working more hours contributes to the level of conflict that arises from work (Musura et al, 2013).

Although it might be expected that, because of greater family responsibilities, women suffer more than men when it comes to work–life balance issues, gender differences were not found.

Figure 11: Work–life balance conflict, 2007–2012, Croatia, EU28 and EU12



Note: Work–life balance conflict (%); Eurofound composite measure based on Q12a–Q12c.

As shown by Eurofound (2010d), factors that contribute to work–life tensions are poor working conditions, lack of interest in the job, job uncertainty and a poor financial situation. These factors make people more stressed and more prone to experiencing tension at work and/or at home. According to a national survey of working conditions, Croatian workers are exposed to many occupational hazards, the most frequent being psychosocial and organisational, which were experienced by 82.8% of employees (Bogadi-Sare and Zavalic, 2009). These factors include: unfavourable pace of work, disturbed bio-rhythm, responsibility for people and materials and unsuitable job demands. Taking into account the relatively low earnings of Croatian workers, high job insecurity, long working hours and poor working conditions, it is not surprising that Croatian workers experience such high levels of work–life conflict.

## Policy pointers

Croatia has one of the highest unemployment rates among EU countries. Improving the employability of the labour force should therefore continue to be a key policy priority in Croatia. A significant part of the solution lies in economic growth and development and in increasing the overall supply and quality of jobs.

The Joint Assessment of the Employment Policy Priorities of the Republic of Croatia (JAP, 2008) underlined that further labour market reforms are crucial for the acceleration of Croatia’s progress. These reforms should focus on: (a) attracting and retaining more people in employment, by increasing labour supply and modernising social protection systems, (b) improving the adaptability of workers and enterprises and (c) increasing investment in human capital through better education and skills.

One measure to increase the employment rate among women should be to enhance the availability and affordability of childcare facilities. There need to be more childcare facilities available to women, with longer opening hours (including night-time and holidays).

The high level of work–life conflict both for men and women in Croatia, caused by long working hours, poor working conditions and work insecurity, should be addressed by policies that aim to help workers achieve better work–life balance.

Between 2007 and 2012, unemployment rates and job insecurity increased, while work–life conflict stayed at the same relatively high level. There is a need for urgent improvement of labour regulations in order to create a more dynamic labour market and to ensure labour force flexibility and job security.

## Context

Strengthening social cohesion and social capital remains a key challenge in improving the quality of Croatian society. Social capital can be measured by citizens' trust in public institutions and a country's system of basic social values, as well as by their trust in each other and their willingness to participate in activities that contribute to their community's well-being. Ensuring equal access, availability and quality of public services contributes to citizens' well-being.

Investing in health, education, social protection and social services is a crucial part of the EU's social investment package, and Croatia still needs to show it is ready for its implementation. In fact, in December 2009 the Croatian Bureau of Statistics issued data for the first time on social spending based on the methodology of the European system of integrated social protection statistics (ESSPROS). These data show that in 2007, social expenditure in Croatia amounted to 17.5% of GDP, which was much lower than the EU27 average of 26.1% (Stubbs and Zrinščak, 2010, p. 177). This large gap in social spending between Croatia and other European countries also existed in 2011 when Croatian social expenditure was at 20.4% of GDP compared to 29% for the EU27.

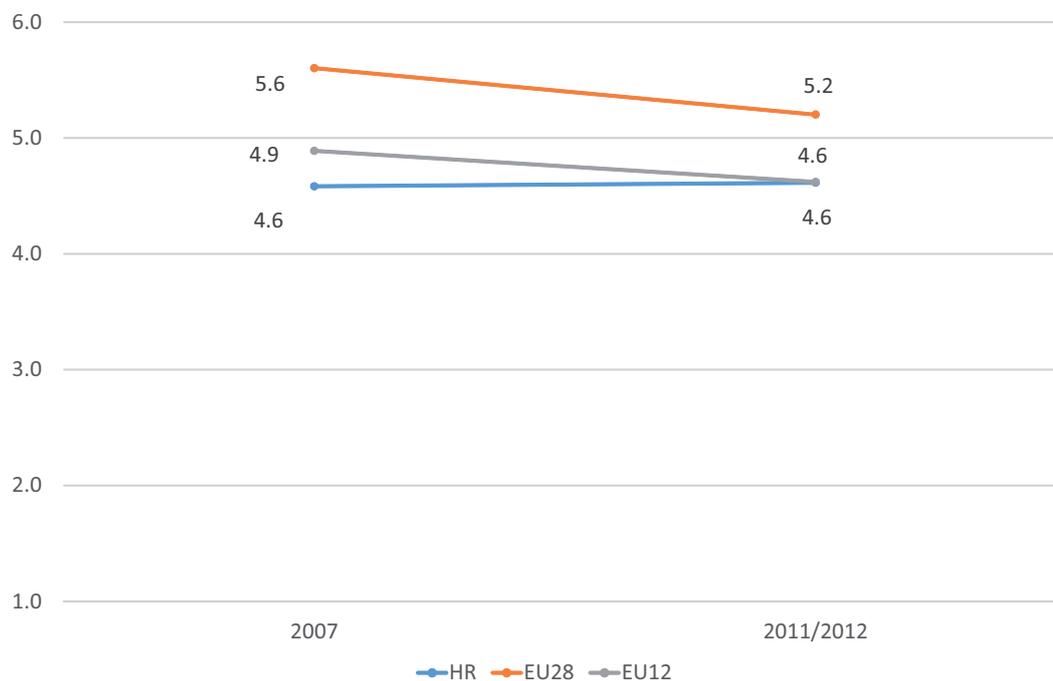
## Trust in people

The level of trust people have in each other and in public institutions indicates a country's social capital. In 2007, reported trust levels in Croatia were lower than the average figures for the EU28 and EU12. However, as trust in people slightly decreased in 15 out of 27 EU countries by 2011 (Eurofound, 2012a, p.134), trust levels in Croatia caught up with the EU12 average in 2012. Nevertheless, the EU28 average is still higher than the figures for Croatia, as shown in Figure 12.

EQLS confirms a typical finding in the research on social capital: that education is conducive to higher trust in people (Eurofound, 2012a). This is also observed in Croatia. Respondents with primary school education expressed average levels of trust at 3.73 on a scale of one to 10 while people with tertiary education trusted others at an average level of 5.3, which corresponds with the EU28 average. According to the last census in 2011 in Croatia, only about 16% of citizens completed tertiary education; this explains the relatively low trust level across the general population.

Upon inclusion of seven enlargement countries in the third wave of EQLS in 2012, a similarly low level of trust in people was observed in Serbia and an even lower one was observed in the former Yugoslav Republic of Macedonia (3.6). Both countries share Croatia's historical and socio-cultural context of being part of socialist Yugoslavia until 1990. Other studies have found post-communist societies to be less trusting compared to other countries (Bjornskov, 2006).

Figure 12: Trust in people in 2007–2012, Croatia, EU28 and EU12



Note: Q24: ‘Would you say that most people can be trusted?’ Scale ranged from 1 (you can’t be too careful) to 10 (most people can be trusted).

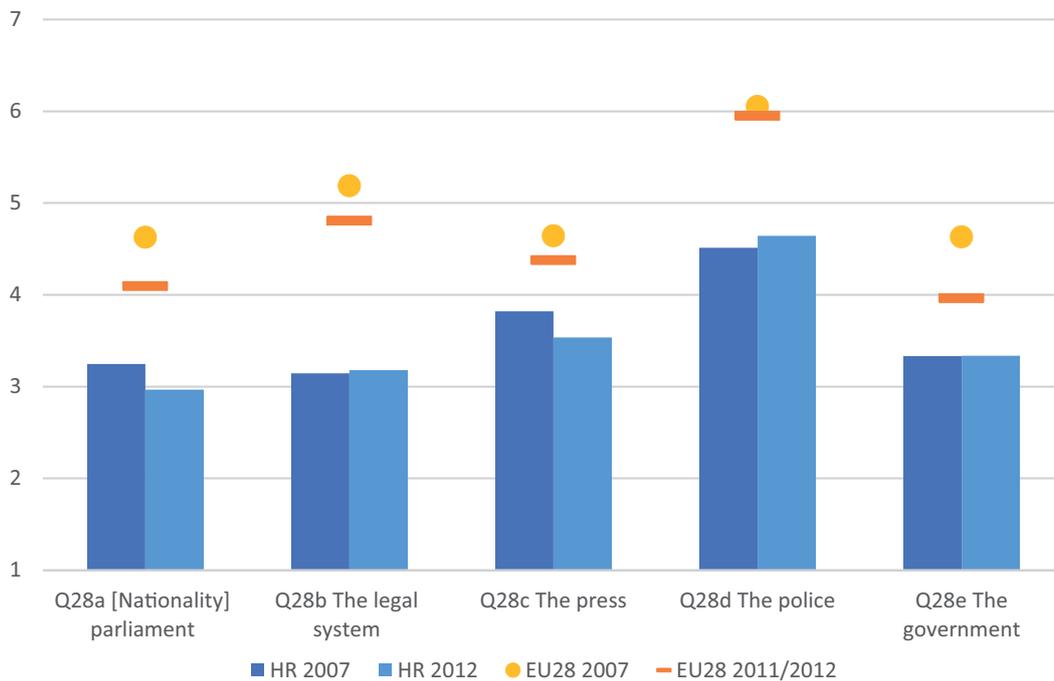
## Trust in public institutions

Trust in public institutions is an important component of social capital. Low levels of trust may result in the absence of citizens’ participation in public affairs, tax evasion and societal fragmentation in many areas. The global economic crisis had an impact on most EU countries, which resulted in decreased levels of trust in institutions across Europe from 2007 to 2011–2012 (Eurofound, 2012a). Countries that were less affected by the crisis showed the smallest decrease in trust in institutions while Greece, severely affected by the crisis, reported the biggest decline in trust in public institutions.

A recent EQLS report on quality of society suggests that a decline in trust in institutions is a reflection on how a government manages a crisis and whether they were able to react with the appropriate policy measures expected by their citizens (Eurofound, 2013b).

This could explain the low trust in institutions in Croatia, which was far below the EU28 average in 2007 and 2012 (Figure 13), and which has not changed much over time. With slight decreases in trust in parliament and the press, the general characteristic of public institutions in Croatia is that citizens do not trust them enough. Even before the economic downturn in 2008, Croatia went through difficult periods: state building following its declared independence in 1991, a four-year war, and a transition process characterised by non-transparent privatisation of state assets and inefficient legal protection. Results from the European Value Study showed a continuing decrease in trust in institutions from 1999 to 2008 (Nikodem and Črpić, 2011), indicating that low levels of trust in institutions persisted in Croatia even before the global economic crisis emerged.

Figure 13: Trust in public institutions, 2007–2012, Croatia and EU28



Note: Q28a–Q28e: ‘How much do you personally trust each of the following institutions?’ Scale ranged from 1 (do not trust at all) to 10 (trust completely).

Average rates of trust in institutions, at both individual and country level, was found to be strongly associated with the perception of corruption (Eurofound, 2012a). In the corruption perceptions index (CPI) ranking, Croatia shared the same relatively low rank with Slovakia in 2011 (66th out of 182 countries) and with Bulgaria and Turkey in 2007 (64th of 179 countries), ranking below the vast majority of EU countries (Transparency International, 2014).<sup>3</sup>

In the EU28, the legal system is trusted more than government, parliament and the press, while in Croatia it is the least trusted public institution. Differences between the levels of trust in the legal system in Croatia, analysed by income and education level, were found to be more pronounced between lowest and highest educational levels (2.8 against 3.5 in 2012) than between different income groups.

## Quality of public services

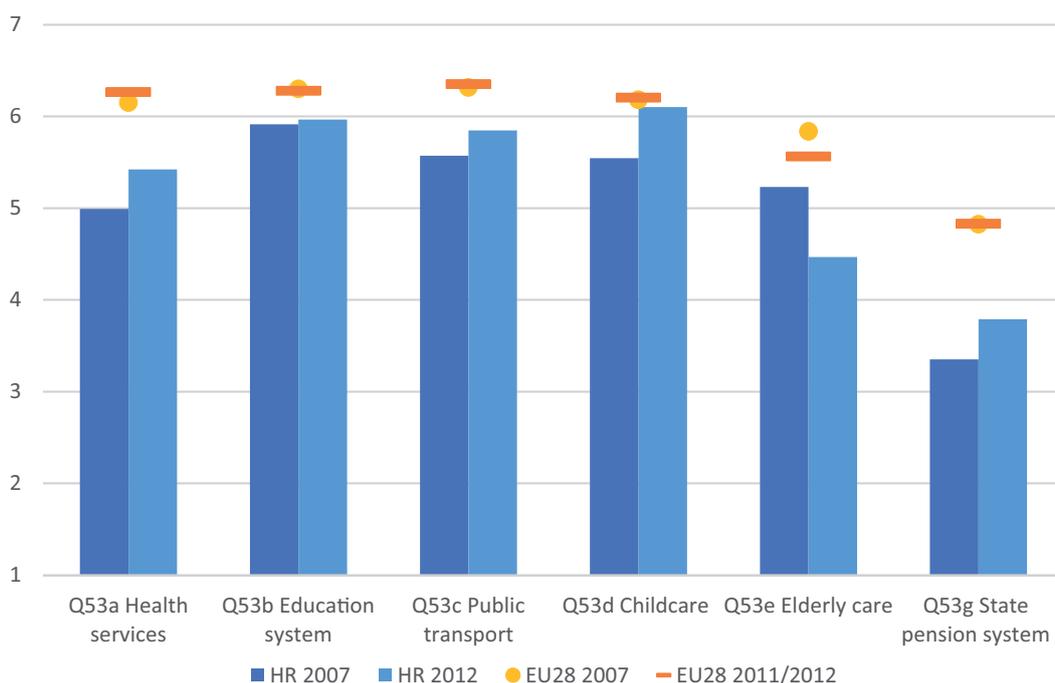
Perceived quality of public services in Croatia improved from 2007 to 2012; however it is still below the EU28 average, especially in regard to the quality of the state pension system, which has the lowest ratings (Figure 14). Positive changes in perceptions of the quality of public services occurred in four out of five sectors assessed by EQLS surveys between 2007 and 2012: healthcare, public transport, childcare and state pensions.

<sup>3</sup> The corruption perceptions index, monitored by Transparency International, ranks countries or territories based on how corrupt their public sector is perceived to be. A country or territory’s score indicates the perceived level of public sector corruption on a scale of 0 to 10, where 0 means that a country is perceived as highly corrupt and 10 means that a country is perceived as very clean. A country’s rank indicates its position relative to the other countries or territories included in the index.

In 2012, people in Croatia were most satisfied with childcare services (6.1), followed by the education system (6.0), public transport (5.9), health services (5.4) and long-term care services (4.5). Perceived quality of public transport differs most between urban (average rating 6.2) and rural areas (5.4), with about 23% of the rural population having difficulties in accessing public transport facilities (Eurofound, 2013d).

Regardless of positive changes over a five-year period, state pensions are still negatively perceived (scoring 3.4 in 2007 and 3.8 in 2012) on the scale 0–10, where 1 represents very low quality. It is the only public service that also got a rating of below five points (4.8 in both waves of the survey) from the EU28 respondents.

Figure 14: Perceived quality of public services per type of service, 2007–2012, Croatia and EU28



Notes: Q53a–Q53g: ‘In general, how would you rate the quality of the following public services in your country?’ Scale ranged from 1 (very poor quality) to 10 (very high quality). Category 53e (long-term care services) is omitted due to modification of this question and category. Category 53f (social housing) is also omitted because it was not included in EQLS 2007.

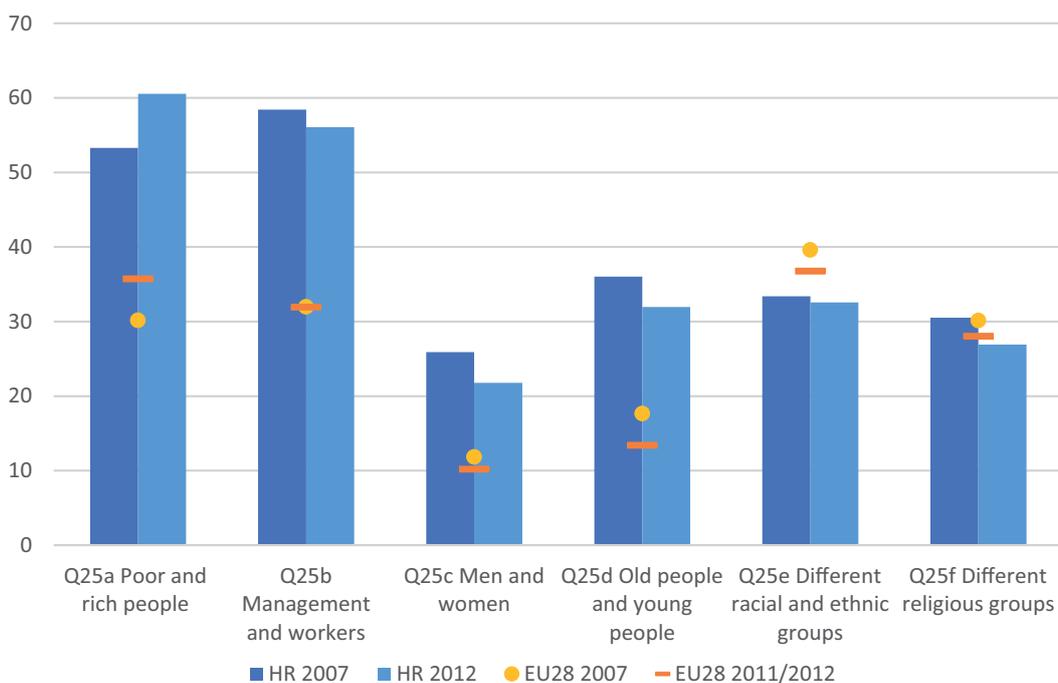
Low ratings of the state pension system reflect current reforms in the social protection systems across Europe. The dominant public ‘pay as you go’ (PAYG) pension system, based on generational solidarity between contributors and pensioners, is facing a sustainability crisis due to the ageing population and shrinking workforce. The reform of the pension system in Croatia was initiated and supported by the World Bank in late 1990. The reform resulted in a new pension calculation formula, prolonged working time and a three pillar pension system. There was a vast monetary difference between the ‘old’ and ‘new’ pensions, since the new calculation formula was unfavourable for new pensioners. This created much frustration among both those who were retired and the working population. EQLS results from 2007 and 2012 confirm generational differences occur here: the lowest scores (3.2 in 2007 and 3.4 in 2012) were given by people of pre-retirement age (50–64 years); those in the retirement age group, 65 years and over, were less critical (giving scores of 3.4 and 4.2); and young people (18–24 years), who are farthest from retirement, were also less critical (giving scores of 3.8 and 4.3). Based on the need to protect the rights of pensioners, a new political party of pensioners emerged; in 2003, they won their first three seats in the national parliament and have already been part of the ruling coalition twice.

General satisfaction with public services and trust in institutions are related measures, both concerning quality of society. In the analysis of data from Croatia, the correlations between the public services index and the trust in institutions index are moderate ( $r=0.49$  in 2007 and  $r=0.38$  in 2012). Similar correlations between these two composite measures can also be found when using data for the EU28 countries ( $r=0.46$  in 2007 and  $r=0.49$  in 2011/2012). These findings indicate that trust in institutions and satisfaction with public services correspond to some extent and that people who are more satisfied with public services are more likely to have higher trust in institutions. However, these two variables share only up to 25% of common variance, and therefore measure two different constructs.

## Perceived social tensions

Social tensions between different social groups represent threats to social cohesion and should be analysed carefully in order to develop an adequate policy response. Perceived tensions between different social groups in Croatia (Figure 15) are much more pronounced than in other EU countries, with the exception of racial and interethnic tensions. It may be surprising that these tensions are not higher, considering the recent Croatian political history, the war for independence and pronounced ethnic conflicts at that time. There are several reasons why the reported tensions between racial and ethnic groups were at a moderate level in the observed period. Firstly, Croatia is an ethnically homogeneous country: the proportion of ethnic Croats is around 90%, while the biggest ethnic minority (Serbs) is represented by less than 5% of population. Secondly, the sampling method – probability sampling of the population – does not enable examination of ethnic tensions perceived by minority groups, which potentially could perceive higher tensions. Thirdly, the war and major ethnic tensions ended in Croatia approximately 10 years before the second EQLS survey (in 2007); moreover, other social tensions (for example between rich and poor, management and workers) were much more pronounced during the economic crisis and affected everyday life for the majority of Croatian citizens, rather than ethnic tensions. Regarding immigration as a potential factor that can fuel ethnic and racial tensions, the number of immigrants is low in Croatia, as the country is not yet attractive to immigrant workers. In 2011, work registration certificates were issued to only 511 foreign workers in Croatia (Cacic-Kumpes et al, 2012).

Figure 15: *Perceived tensions between different social groups, 2007–2012, Croatia and EU28*



Notes: Shows the percentage that responded ‘A lot of tension’ to Q25a–Q25f: ‘How much tension is there in this country?’

The perceived high tension that exists between rich and poor people as well as managers and workers indicates a divided society. This may be partly a consequence of the transition process and the war during the 1990s, which deeply changed the social structure of Croatian society and resulted in transition ‘winners’ and ‘losers’. Together with perceptions of horizontal tensions between generations, men and women, ethnic and religious groups, Croatian society is obviously characterised by a weak social fabric.

The increased perceived tensions between rich and poor people in almost all European countries, including Croatia, could be partly explained by the economic crisis and growing inequalities (Eurofound, 2013e). However, high levels of perceived tension between the rich and poor were recorded prior to the economic crisis, in the first, 2003 EQLS in Latvia (62%), Hungary (61%) and Greece (58%), as well as in Croatia (62%) (UNDP, 2006). Therefore, perceived tension within these societies should not be explained only in relation to the global economic downturn, but also by structural difficulties experienced by individual countries. In that respect, the EQLS proved to be a good monitoring tool for social change. For example, as early as 2003, the survey indicated high levels of perceived tension (above 60%) between different ethnic and racial groups in France, the Netherlands and Belgium, which manifested in riots in France a few years later.

Table 1 presents the distribution of results on composite indicators of quality of society by socio-demographic groups in both waves of the survey. Overall, perceived quality of public services improved over time, while levels of trust in institutions and of social tension stayed the same. A closer examination of the differences between specific socio-demographic groups revealed some interesting results. No significant differences were found in regard to gender, age or education. People in the lowest income quartile and those living in rural areas showed higher levels of trust in institutions and improved perceptions of quality of public services in 2012 than in 2007. By contrast, people in the highest income quartile who were living in urban areas trusted institutions less in 2012 than they had in 2007, while their perception of the quality of public services stayed at the same level.

Despite having an improved perception of public institutions and services, perceived social tension increased among people on a lower income and living in rural areas between 2007 and 2012, while for other groups this stayed at the same level.

Table 1: *Quality of society indicators, 2007 and 2012, Croatia*

		Trust in institutions index		Public services index		Social tensions index	
		2007	2012	2007	2012	2007	2012
<b>Total</b>		3.6	3.5	5.0	5.4	1.7	1.8
<b>Gender</b>	Male	3.7	3.5	5.0	5.3	1.8	1.8
	Female	3.6	3.6	5.0	5.5	1.7	1.8
<b>Age</b>	18–24	3.8	3.8	5.5	5.8	1.7	1.8
	25–34	3.7	3.4	5.0	5.4	1.7	1.9
	35–49	3.5	3.2	4.8	5.2	1.8	1.8
	50–64	3.5	3.5	5.0	5.2	1.7	1.7
	65+	3.9	4.1	5.0	5.6	1.8	1.8
<b>Income quartile</b>	Lowest quartile	3.2	3.6	4.6	5.5	1.7	1.8
	Second quartile	3.6	3.5	4.9	5.3	1.7	1.8
	Third quartile	3.9	3.8	5.2	5.5	1.8	1.8
	Highest quartile	3.8	3.6	5.2	5.3	1.8	1.8

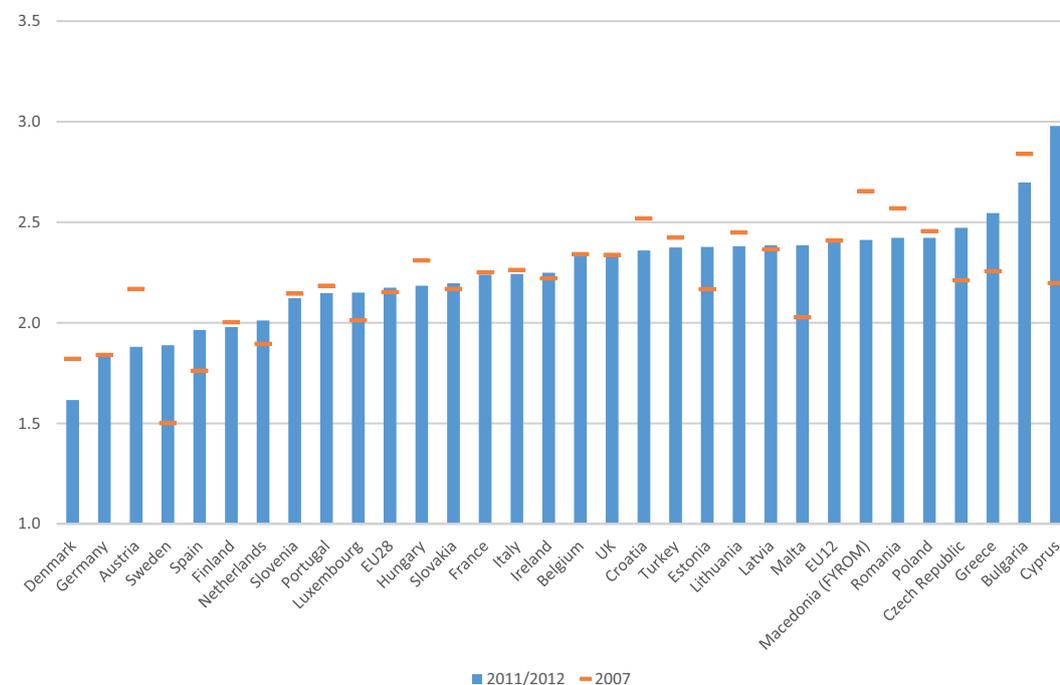
		Trust in institutions index		Public services index		Social tensions index	
		2007	2012	2007	2012	2007	2012
<b>Education</b>	Primary	3.9	3.5	4.8	5.5	1.7	1.8
	Secondary	3.6	3.5	5.0	5.4	1.7	1.8
	Tertiary	4.1	3.8	5.2	5.1	1.9	1.8
<b>Employment status</b>	Employed	3.6	3.3	4.9	5.2	1.8	1.8
	Unemployed	3.3	3.3	5.0	5.3	1.7	1.8
	Retired	3.8	3.9	4.9	5.5	1.8	1.8
<b>Rural or urban area</b>	Rural	<b>3.4</b>	<b>3.5</b>	<b>4.8</b>	<b>5.3</b>	<b>1.7</b>	<b>1.8</b>
	Urban	<b>3.9</b>	<b>3.5</b>	<b>5.2</b>	<b>5.4</b>	<b>1.8</b>	<b>1.8</b>

Note: For the trust in institutions index and public services index, average scores are on a scale 1–10; for the social tensions index, 1= no tension and 3= a lot of tension; for detailed description of indices, see Annex 2. Significant interaction effects ('year' x 'grouping variable') are in bold type ( $p < .05$ ). Significant main effect of 'year' (in the first content row) is printed italic ( $p < .05$ ).

## Social exclusion

The social exclusion index in Croatia decreased between 2007 and 2012, but was in both years somewhat higher than the EU28 average (Figure 16). For this index, Croatia was situated in the middle of the scale in 2012, between Denmark at the top with maximum perceived social integration, and Cyprus at the bottom with the greatest increase in perceived social exclusion in the five-year period of 2007–2012.

Figure 16: Social exclusion index, by country, 2007–2012



Notes: For the social exclusion index, 5 = maximum exclusion and 1 = maximum integration. For a detailed description of this index, see Annex 2.

There are common patterns in how feelings of being excluded from society are distributed by social characteristics. A sense of social exclusion is related to employment status, disposable income and age, but not gender. People with a tertiary education and students feel the least excluded (Eurofound, 2013a). This is the case in Croatia, where people with a higher income, higher education and who are younger feel less excluded from society. Differences between social groups were less pronounced in 2012 than in 2007. This was mostly due to improvements among the most vulnerable groups (those on a lower income and with a lower education), in terms of feeling excluded (Table 2). A positive change that emerged from the analysis is how, between 2007 and 2012, social gaps narrowed in feelings of belonging and connectedness within society.

Table 2: *Social exclusion by income and education, 2007 and 2012, Croatia*

	Social exclusion index	
	2007	2012
<b>Income</b>		
Lowest quartile	2.9	2.6
Second quartile	2.6	2.4
Third quartile	2.5	2.3
Highest quartile	2.2	2.2
<b>Education</b>		
Primary or less	2.9	2.6
Secondary	2.5	2.4
Tertiary	2.1	2.2
<b>Age</b>		
18–24	2.3	2.3
25–34	2.4	2.2
35–49	2.6	2.4
50–64	2.6	2.4
65+	2.6	2.4

Note: In the social exclusion index, 5 = maximum exclusion; 1 = maximum integration. For a detailed description of this index, see Annex 2. Significant interaction effects ('year' x 'grouping variable') are in bold type ( $p < .05$ ).

## Involvement in voluntary work

Participation in community life and involvement in civic or political activities can circumvent feelings of loneliness or of being left out of society. Volunteering is one approach to increased social participation. The first Croatian legal document on volunteering, the Volunteering Act, was adopted in 2007 and enacted in February 2012. The legal framework enabled the establishment of the National Committee for Volunteering Development and the introduction of the State Reward for Volunteering. In addition, four regional volunteer centres were established and many activities were undertaken to promote 2011 as the European Year of Volunteering.

Although 27% of Croatian citizens claimed to volunteer occasionally or regularly, only 8% volunteer regularly (at least every month), which is a much lower proportion than the EU28 average (17%).<sup>4</sup> This finding reflects those of a national survey also conducted in 2012, which showed that about 10% of citizens consider themselves to be active volunteers

<sup>4</sup> EQLS data do not allow comparisons between 2007 and 2012 because the questions about volunteering were modified in 2011–2012; therefore, only data from the third EQLS are reported here.

(Franc et al, 2012). Those who have never volunteered include people aged 65 years and over (86%), individuals in the lowest income quartile (80%), homemakers (83%) and people with a primary education level (82%). More volunteers are found in urban (29%) than in rural areas (23%) and the most active are students (44%).

## Civic and political participation

Regarding participation in social activities such as clubs, societies or associations, Croatian citizens are close to the EU28 average. Analysis shows that rates of participation increased between 2007 and 2012. In 2012, 5% of respondents were active in such activities every day or almost every day, 11% at least once a week, 7% one to three times a month and 14% less often. As expected, younger people were more active. The data indicate that 8% of respondents aged 18–24 years participated in various social activities, as did 13% of those aged 25–34 years, compared to only 1% of people aged 65 years and older.

In 2012, participation in the political life of society in Croatia looked similar to the EU28 average. This relates to the proportion of people who attended a meeting of a trade union, a political party or political action group (9% versus 8% respectively), attended a protest or demonstration (5% versus 6%) or contacted a politician or public official (6% versus 8%).

Results indicate an increasing trend in political participation in Croatia compared with 2007, when 3% of people contacted a politician or public official directly and 6% attended a political meeting.

Although civic participation is generally low in Croatia, the signing of various petitions was found to be relatively high; the percentage of people who signed a petition, including an email or online petition, is above the EU28 average, at 25% compared to 17%. Such activities were more common among people in urban areas, where 30% had signed a petition, than in rural areas, where only 18% had done so. They were also more common among employed people (31%) and students (39%). Men signed petitions more frequently than women (28% versus 21%). Differences between working age groups (18–64 years) are less pronounced. It should be kept in mind that petition signing, especially when in electronic form, is the most passive form of civic engagement.

One of the reasons that Croatian citizens do not participate more in social activities and political life is that they perceive that as individuals they cannot influence the decisions affecting their local communities or society in general, as documented by Franc et al (2012) in a national survey. Generally, citizens believe that they cannot influence decisions affecting the local community (51%), region (65%), Croatia as a whole (73%), Europe (79%) or global international processes and phenomena (80%).

## Policy pointers

The results indicate that average levels of trust among people in Croatia are lower than average levels for the EU28, especially among those with lower education levels. Opportunities for lifelong learning need to be increased, as does the number of people who complete tertiary education. The national target for 2020 is for 35% of people aged 30–34 years to complete tertiary education. In 2011, this percentage in Croatia was 24.5% while in the EU28 it was 35.5%. People with higher education levels belong to the higher income quartiles; they are the least materially deprived and less frequently feel socially excluded. Therefore, increasing the educational levels of citizens could strengthen their personal capacities as well as contribute to their full participation in their society.

Low levels of trust in public institutions in Croatia, including the government, the parliament, the legal system and the media, should be addressed by making institutions more transparent and accountable to citizens. The further

strengthening of anti-corruption measures should contribute to an increase in trust in public institutions, especially the legal system, which is the least trusted.

The implementation of social inclusion policies should be supported by improving the accessibility and quality of public services, taking into account urban–rural disparities in access to public transport, the relatively low provision of childcare services, the low public perception of the quality of long-term services and problems with the state pension system.

Participation in voluntary work in Croatia is much lower than in the EU28; therefore it is necessary to create an enabling environment for the development and implementation of volunteering activities. Positive changes are expected because of the Croatian government's efforts towards the establishment of a legal framework for volunteering, which will be supported by institutional capacity building and grant schemes.

This kind of approach should lead to future improvements because in addition to increasing personal motivation, volunteering also requires institutional capacities for management of volunteers and adequate volunteer management infrastructures.

In spite of scarce public funds, investments in civic participation are socially rewarding, especially in the area of inclusive volunteering, which ensures the social inclusion of vulnerable groups such as long-term unemployed people, those on a low income, those with low education levels, older people and others who are at greater risk of social exclusion.

Opportunities for civil and political involvement need to be increased because participation contributes to the overall quality of society by improving the subjective well-being of individuals and strengthening the sense of social solidarity. It becomes particularly important when perceived tension between social groups in Croatian society is high and trust in public institutions is very low.

## Context

The healthcare system in Croatia is centrally controlled. The state owns national health institutions, hospitals and independent health clinics. County governments own both general and specialist hospitals, primary health centres, institutes for emergency medicine, institutes for public health and polyclinics. It is estimated that almost 85% of all health expenditure is covered by public funds, 91% of which comes from health insurance contributions, which are compulsory for all employees and employers. Vulnerable groups, such as old age pensioners and those on a low income, are exempt from payment. Patients are free to register with doctors of their choice (WHO, 2011).

Health 2020, the new European health policy framework, aims to support action across government and society to: ‘significantly improve the health and well-being of populations, reduce health inequalities, strengthen public health and ensure people-centred health systems that are universal, equitable, sustainable and of high quality’ (WHO, 2012). In accordance with this, the Croatian Ministry of Health launched a National Health Care Strategy 2012–2020 in September 2012 (NHCS, 2012). Prior to this, in September 2010, a National Strategy for Mental Health Protection 2011–2016 was also launched (NSMHP, 2010).

Between 2007 and 2012, with the aim of improving the healthcare sector, Croatia was actively involved in many projects and programmes funded by the European Commission and other international organisations. These include the Instrument for Pre-accession Assistance (IPA I and IPA II), the European Regional Development Fund (ERDF), the European Social Fund (ESF), Eurotransplant and the World Bank. Through the Second Programme of Community Action in the Field of Health 2008–2013, the main instrument of the European Commission to implement the EU Health Strategy, the Croatian health sector received funds for 28 projects aimed at improving citizens’ health security, promoting health, reducing health inequalities and disseminating health information and knowledge.

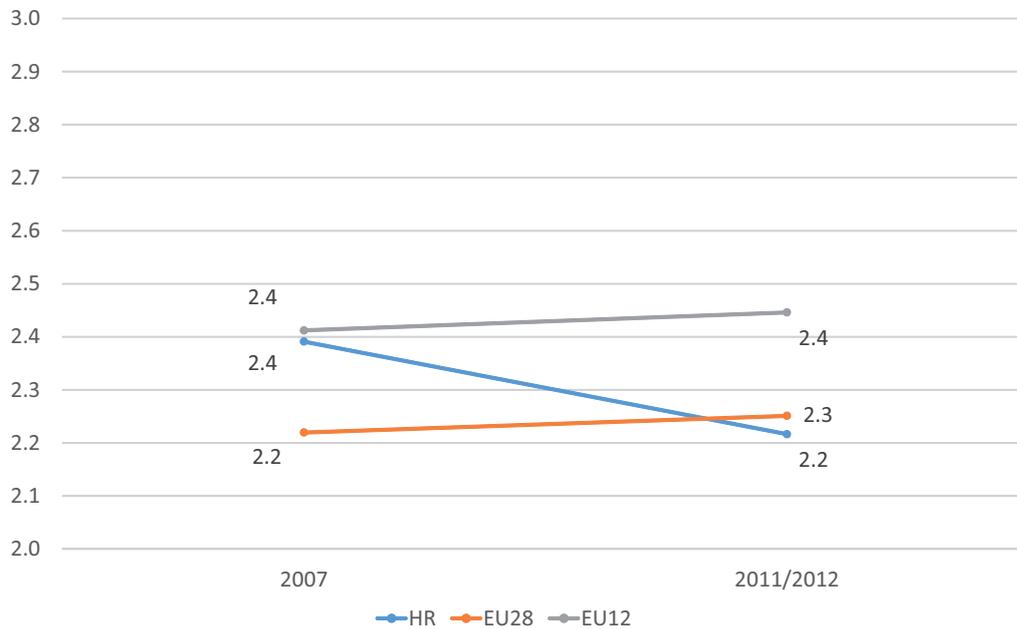
The Croatian Ministry of Health, as part of the ‘e-health initiative’, introduced the e-prescription project in January 2011 and the e-appointment and e-waiting list projects in August 2012. By the end of 2012, e-prescriptions were available across the whole country, while e-appointments covered 61% of family medicine and 37% of pre-school children healthcare centres (Ministry of Health, 2012). The entire ‘e-health initiative’ was regularly presented to the public with significant media support.

## Physical and mental health

Good levels of physical and mental functioning and general health status have long been associated with perceived well-being (Dolan et al, 2006). Many studies have identified health as the most important life domain when evaluating quality of life (Eurofound, 2004; Kaliterna Lipovčan et al, 2006). Therefore, it is not surprising that people are more affected by inequalities in health and healthcare than by inequalities in income (Anand, 2002).

EQLS data show that both physical and mental health perceptions of Croatian citizens significantly improved in the period 2007–2012. Figures 17 and 18 show that, during this period, perceptions of health generally stayed the same in the EU28 and EU12.

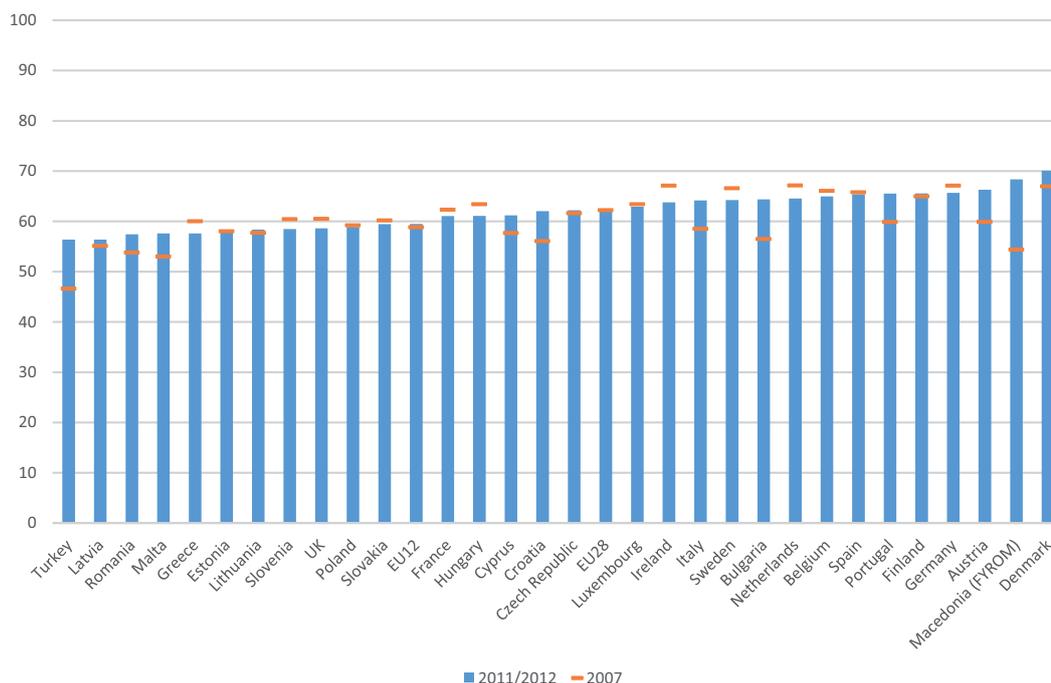
Figure 17: General health ratings, 2007–2012, Croatia, EU28 and EU12



Note: Q42: 'In general, would you say your health is ...? Scale ranged from 1 (very good) to 5 (very bad).

Compared to all European countries, Croatia was fourth in the improvement of perceived mental health in the period 2007-2011/2012. The highest improvement was recorded in the former Yugoslav Republic of Macedonia, followed by Turkey and Bulgaria (Figure 18). It is worth mentioning that in 2008 Croatia signed the South-eastern Europe Health Network (SEEHN) together with the governments of Albania, Bosnia and Herzegovina, Bulgaria, Montenegro, the Republic of Moldova, Romania, Serbia and the former Yugoslav Republic of Macedonia. Within the network, modern and socially responsible mental health services were developed together with other facilities aimed at improving public health which may have contributed to the improvement of the perceived mental health in these countries.

Figure 18: Mental well-being index by country, 2007–2012



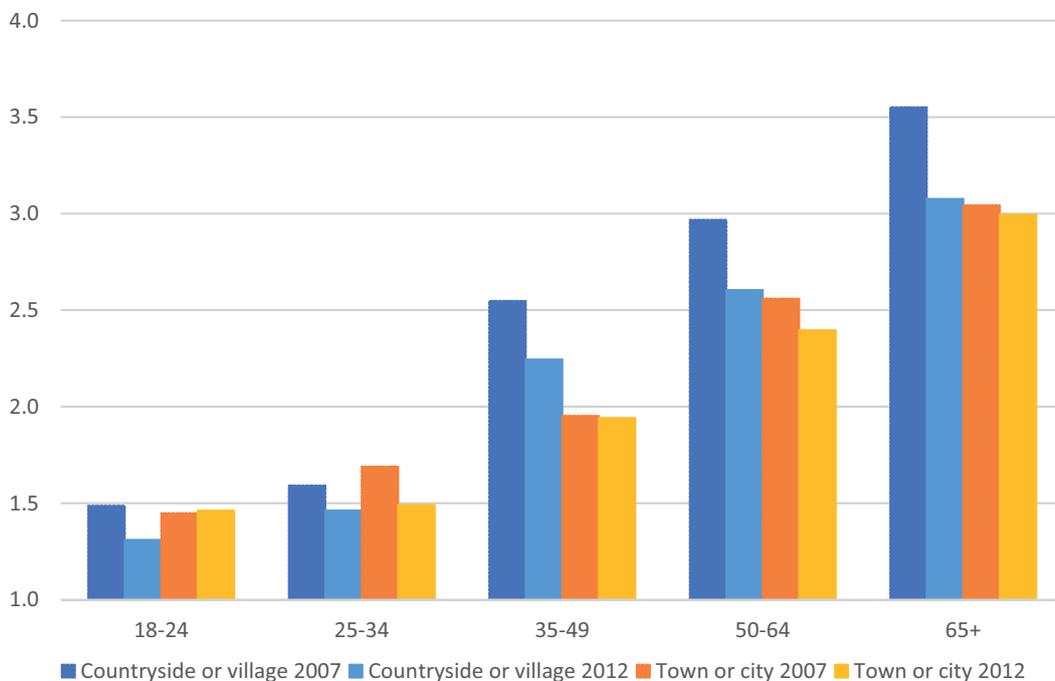
Note: WHO-5 mental well-being index (0–100); for a detailed description of this index, see Annex 2.

When discussing perceptions of mental well-being of Croatian citizens, it is important to mention that the mental health of citizens was seriously affected by the exposure to war in 1990-1995. Sabes-Figuera et al (2012) found that war experiences and their effects on mental health were still present in 2006/2007, especially in the citizens who stayed in the area of previous conflicts. As shown in Figure 18, mental well-being of Croatian citizens, in 2007, was rated below the EU28 and EU12 averages, but reached the EU28 average in 2012. Perceptions of mental well-being of Croatian citizens in 2012 have significantly improved, indicating that the negative effects of war on mental health diminished over time.

Analyses of general health perceptions of Croatian citizens by their socio-demographic characteristics showed that the differences between men and women were not significant, while the differences by age groups showed trends that were expected; the older the age group, the worse the general health perceptions (Figure 19). The differences in general health perceptions in groups of citizens with different incomes showed the trend of better health in citizens with higher income (the average differences in perceptions between lowest and highest income group was 1.0 in 2007 and .7 in 2012). It is interesting to note that the differences between age and income groups were smaller in 2012 than in 2007. Trends in the mental well-being index by socio-demographic characteristics were similar to the perceptions of general health. Better mental well-being was observed in people with higher income (Figure 20) and of younger age.

Interesting results were obtained when comparing perceptions of health in groups of citizens of different age living in urban and rural areas (town/city and countryside/village), as type of settlement and age were both found to be among the most important variables when evaluating health of Croatian citizens in second EQLS (Eurofound, 2011). As shown in Figure 19, the perceptions of general health of citizens living in urban areas did not change much between 2007 and 2012, but significantly improved in the observed period in citizens living in rural areas aged 35+.

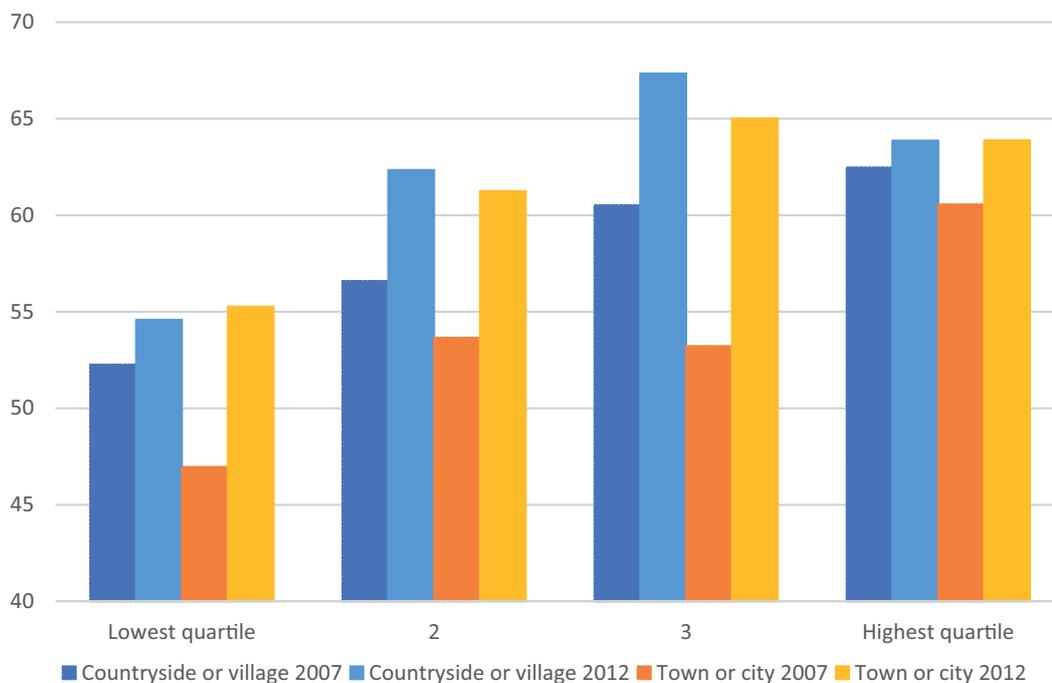
Figure 19: General health ratings by age and location, 2007– 2012, Croatia



Note: Q42: 'In general, would you say your health is ...' Scale ranged from 1 (very good) to 5 (very bad).

Mental well-being of Croatian citizens improved in both urban and rural areas in the period 2007–2012 as shown in Figure 20. The improvement in mental well-being is especially emphasised in the third income quartile group of citizens, independently of the urbanisation level.

Figure 20: *Mental well-being index by income and location 2007–2012, Croatia*

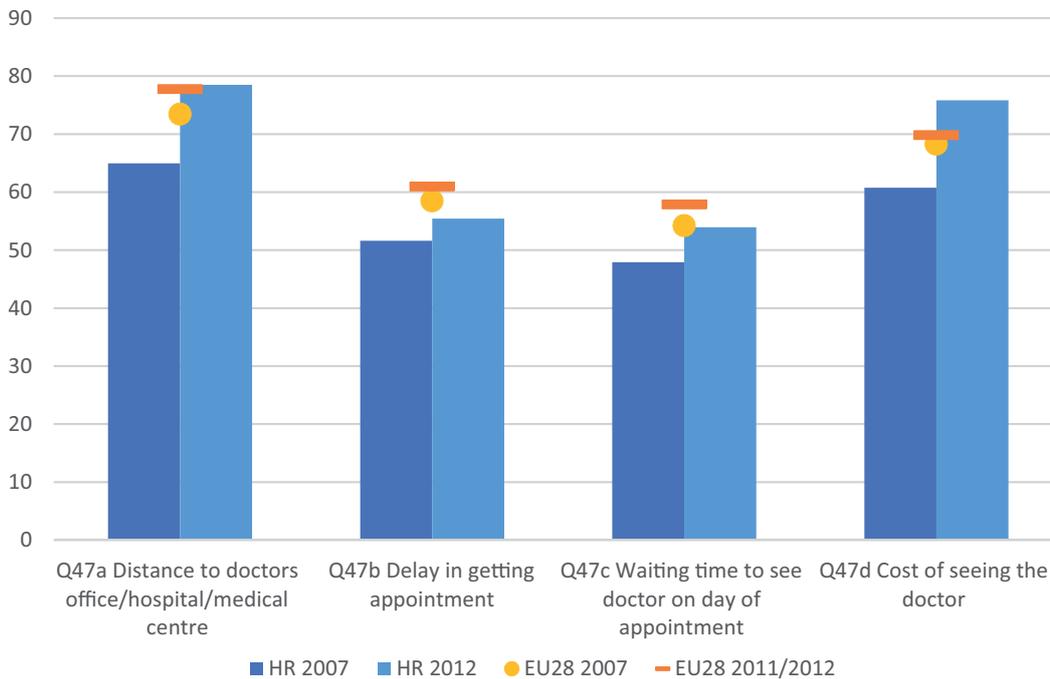


Note: WHO-5 mental well-being index (0–100); for a detailed description of this index, see Annex 2.

## Healthcare

The general improvement of perceived health in the observed period can be partly attributed to improvements in the healthcare services. A positive relationship between satisfaction with health and perceived quality of healthcare was established in all three EQLS waves (Eurofound, 2013e). As presented in Figure 21, three of the four aspects of healthcare services were rated by Croatian citizens as better in 2012 than in 2007. In 2012, citizens reported less waiting time to see the doctor (54% with answer ‘not difficult at all’), almost 79% found no difficulties in regards to the distance to the doctors’ office, hospital or medical centre, and 76% could handle the cost of seeing the doctor. The last aspect (cost of seeing the doctor) was in 2012 less difficult for Croatian citizens than for those in the EU28.

Figure 21: Accessibility of healthcare services, 2007–2012, Croatia and EU28



Note: Percentage who responded 'not difficult at all' to Q47a–Q47d: 'Last time you saw a doctor, what factors made it difficult?'

It is evident that the standard of healthcare in Croatia was perceived as satisfactory, with good accessibility to healthcare facilities. Research on public opinion conducted at the end of 2013 showed that Croatian citizens were quite satisfied with the quality of healthcare both in 2012 and 2013 (CHIF, 2013). Highest satisfaction was found regarding the education and quality of doctors, followed by the availability and low cost of basic healthcare in the country. Lowest satisfaction levels were found regarding the long waiting lists in hospitals.

Data from the Croatian Health Insurance Fund show that almost every Croatian citizen is covered by compulsory health insurance, which means that basic healthcare is free of charge. About 85% of citizens also have supplementary health insurance, which covers the payment of some services by private healthcare providers. With the introduction of 'e-health' at the beginning of 2011, healthcare in Croatia improved. All hospitals, general practice offices, paediatric services, gynaecological services, dentists, pharmacies and other health services are connected to a central healthcare information system. Through the introduction of e-prescription and e-appointment, complete national coverage was achieved (NHCS, 2012). Although referred to as 'e-health', these services are not exclusively internet-based, but are also accessible by phone in order to be widely available.

The perception of the accessibility of healthcare services in Croatia improved from 2007 to 2012, especially for low income groups (Table 3). In 2007, only 46% of citizens on the lowest income level experienced no difficulties regarding distance to the nearest doctor and the cost of a doctor's appointment; by 2012, 76% had no difficulty with the distance and 73% had no difficulty regarding the cost. Notably, satisfaction with healthcare services increased across all income categories, but the increase was more pronounced in lower income groups.

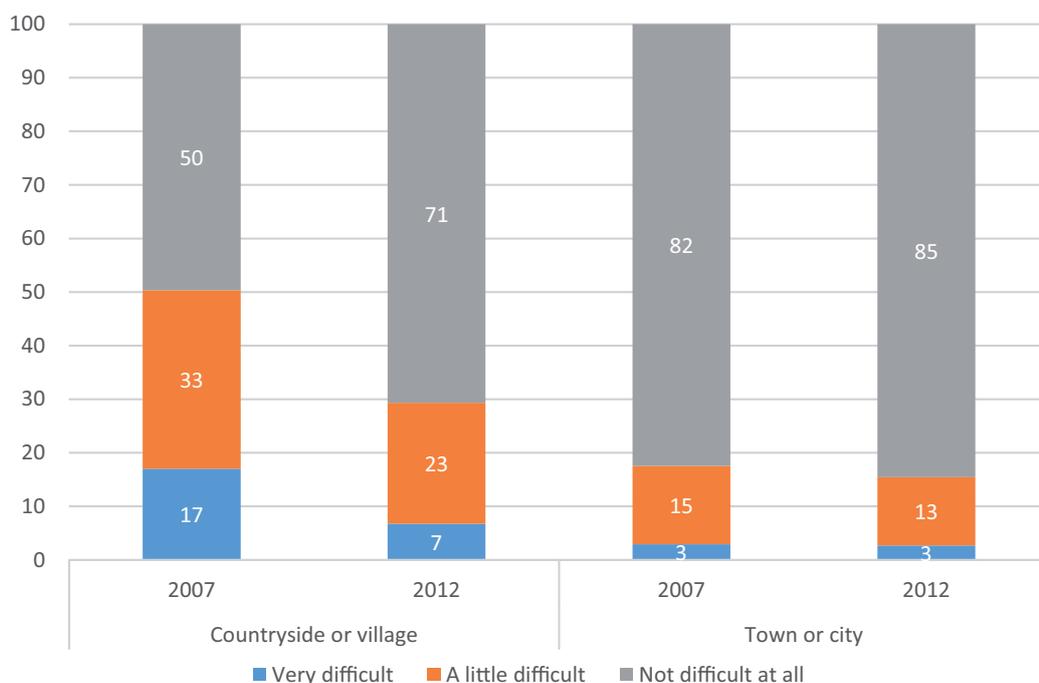
Table 3: Perception of accessibility of healthcare services by income quartiles, 2007 and 2012, Croatia

	Distance from doctor, hospital or medical centre		Cost of seeing the doctor	
	2007	2012	2007	2012
Lowest quartile	46	76	46	73
Second quartile	63	74	54	71
Third quartile	72	78	68	79
Highest quartile	76	83	73	81

Note: This table shows the percentage who responded ‘no difficulties at all’ to questions 47a to 47d: ‘The last time you saw a doctor, what factors made it difficult?’

A significant improvement in the perceived accessibility of healthcare services was found for people living in rural areas (Figure 22). In 2007 about 50% of respondents in rural areas found it difficult to access their doctor, hospital or medical centre, dropping to 30% in 2012.

Figure 22: Distance to healthcare by location, 2007–2012, Croatia (%)



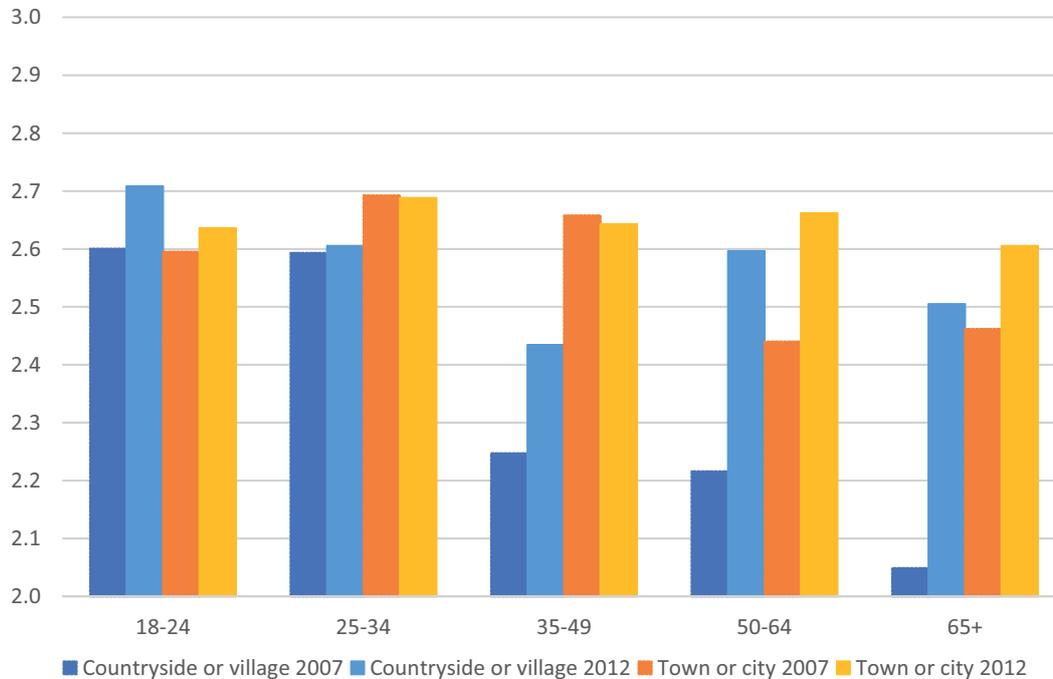
Note: Q47a regarding distance to nearest doctor, hospital or medical centre.

Analysis of a healthcare service accessibility index in urban and rural populations (Figure 23) shows that the improvement in perceived healthcare accessibility in rural areas was more pronounced among older people than younger people. Older people living in urban areas also perceived healthcare services as more accessible in 2012 than in 2007.

As there were no major improvements in terms of the development of new medical centres in different parts of Croatia, the only possible explanation of these perceptions is that the ‘e-health initiative’ of the Croatian Ministry of Health was successfully implemented and resulted in general improvements in perceptions of healthcare. Also, it should be mentioned that the ‘e-health initiative’ was very well covered by the media, because the Ministry of Health and the Croatian Health Insurance Fund regularly organised press conferences, round table events and small-scale conferences. The whole campaign behind this reform had positive characteristics. In particular, an effective public campaign and

media coverage, the involvement of key stakeholders in policy design and implementation and a broad public debate about the reform resulted in the general public consensus that reform had taken place.

Figure 23: *Healthcare accessibility index by age and location, 2007–2012, Croatia*



Note: Data on the health services accessibility index, based on Q47, where 1 = very difficult and 3 = not difficult at all. For a detailed description of this index, see Annex 2.

## Policy pointers

Health is one of the most important predictors of personal quality of life. Health problems have serious consequences, not only for individuals and their families but also for the well-being of society. Poor health is both a consequence and a cause of inequity, poverty and exclusion.

As shown by Eurofound (2007) and Eurofound (2011), living in rural areas in Croatia has been a significant predictor of problems in relation to health and access to healthcare. The situation significantly improved in the period 2007 to 2012, with results indicating that both rural and urban populations had a higher perception of their general and mental health and access to healthcare. However, differences still exist in regard to age and income. Older people and those on a lower income still face more health-related problems than younger people and those on a higher income. This should be taken into account when developing healthcare reforms.

The National Health Care Strategy 2012–2020, yet to be implemented, stresses the importance of developing a healthcare system that is based on common values and principles aimed at reducing inequality. The priority areas of investing include: healthcare infrastructure, ‘e-health’, enabling access to healthcare for the most vulnerable groups, emergency medicine, medical equipment, occupational health and safety, promotion of health and prevention of diseases, education and training of healthcare workers, information technology and cross-border cooperation (NHCS, 2012).

The introduction of the ‘e-health’ initiative in Croatia was shown to be successful, as it improved perceptions of the accessibility of healthcare services and consequently perceptions of health status among the general population. The focus on healthcare policies, and their success, is important because there is a significant positive correlation between satisfaction with own health and satisfaction with healthcare services, as demonstrated by Eurofound (2013e). In addition, the ‘e-health initiative’ serves as a good example of how public visibility and good media coverage can enhance awareness of various reforms in society.

# Subjective well-being 5

## Context

Subjective well-being refers to all types of subjective evaluations of individuals' lives. It includes cognitive evaluations, such as life satisfaction, and affective reactions to life events. Thus, subjective well-being is an umbrella term for the different values people place on their lives, events they face, and the circumstances in which they live. Life satisfaction relates to how an individual evaluates or appraises their life, taken as a whole. Happiness means feeling more pleasant emotions more often than unpleasant ones most of the time. Quality of life, when measured subjectively, usually includes domain satisfactions: judgments people make in evaluating major life domains, such as health, work, leisure, social relationships, and family (Diener, 2006).

Although subjective well-being is not yet officially monitored in Croatia, four surveys in Croatia were conducted by the Ivo Pilar Institute (2003, 2005, 2007, 2008) that showed a rise in subjective well-being (life satisfaction and happiness) between 2003 and 2005, followed by a decrease up to 2008 (Kaliterna Lipovčan et al, 2008). Consistently over the years, among the various life domains, citizens have been most satisfied with family and friend relationships and the least satisfied with their standard of living.

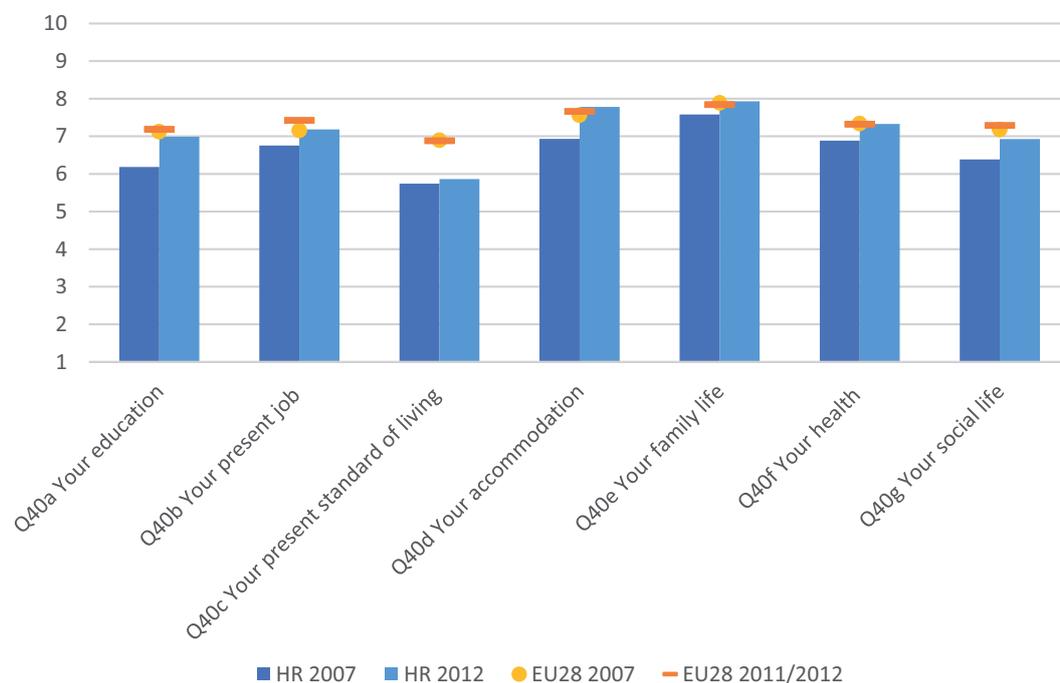
Life experiences and objective circumstances, particularly negative ones such as unemployment, low income and deprivation, can have a significant impact on subjective well-being. Previous research indicated that Croatian citizens experience lower well-being when earning lower incomes (Kaliterna Lipovčan et al, 2007) and when they are older (Kaliterna Lipovčan et al, 2013).

## Life satisfaction and happiness

According to the EQLS data, both life satisfaction and happiness ratings significantly increased in the period from 2007 to 2012 in Croatia. In this period, life satisfaction ratings increased from 6.4 to 6.8, and happiness increased from 7.0 to 7.3. The increase in life satisfaction and happiness in the observed period was also found in other countries in central and eastern Europe (Eurofound, 2012a; 2013c; 2013e), despite the economic crisis. This increase may be attributed to improvement in certain aspects of living conditions in transitional economies (Eurofound, 2012a) or to the positive impact of EU membership in countries that were below the EU average from a quality of life perspective (Eurofound, 2013c).

When rating satisfaction in various life domains (Figure 24), Croatian citizens consistently, in 2007 and 2012, rated family life and accommodation as the most satisfying aspects of their lives, and the standard of living as the least satisfying. This was similar to EU28 citizens in general. Satisfaction with various life domains increased in 2012 when compared to 2007 in Croatia, in some instances reaching EU28 satisfaction levels – accommodation and family life – while satisfaction with standard of living was significantly below the EU28 average.

Figure 24: Satisfaction levels, 2007–2012, Croatia, EU28 and EU12



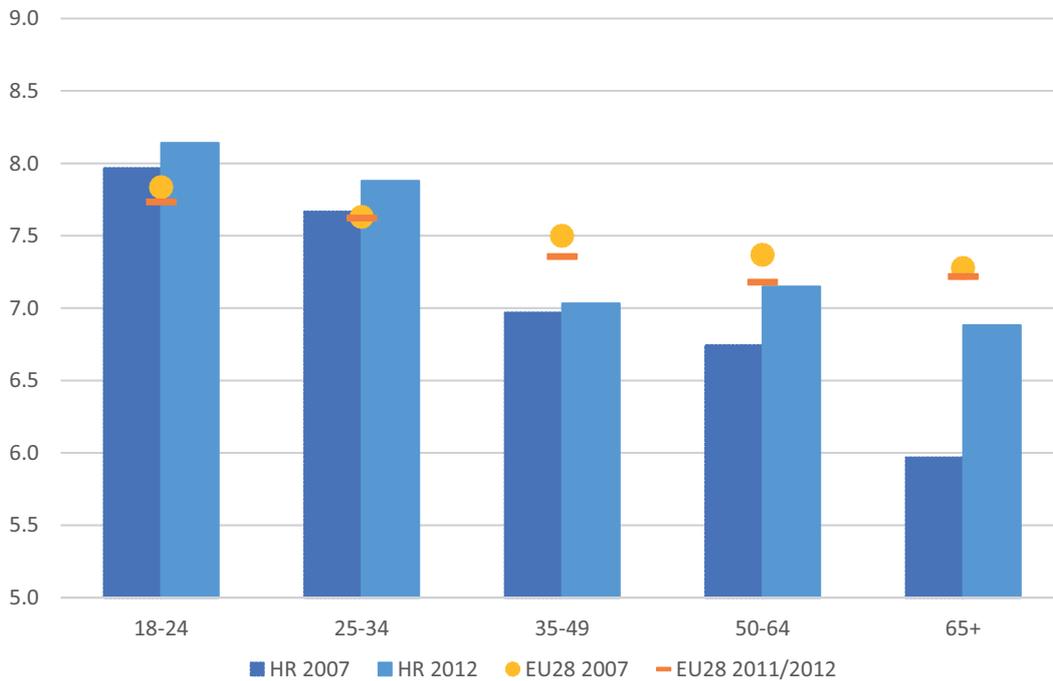
Note: Q40a–Q40g: ‘How satisfied are you with...?’ Scale ranged from 1 (very dissatisfied) to 10 (very satisfied).

Main indicators of well-being (happiness and life satisfaction) were further analysed by socio-demographic characteristics that in previous research were found to have a significant impact on well-being of Croatian citizens (Eurofound, 2011). These were: age, income, employment status and type of settlement (rural/urban).

Happiness ratings as a function of age (Figure 25) showed a typical trend to those previously established in lower and middle income and transition countries: one of sharp decline in well-being with age (Deaton, 2008). There are three reasons why well-being is lower in countries in transition than in other countries: a decrease in the quality and quantity of public goods provision; a sharp increase in the volatility and uncertainty of earnings; and an unforeseen depreciation of human capital accumulated before transition as different skills are relevant in command and market systems. All of these factors affect older people more, as young people in transition countries were born in the context of a transitioning economy and are therefore not as dependent on public goods (Guriev and Zhuravskaya, 2009).

However, the trend of continuous decline in Croatian citizens’ happiness ratings with age was more pronounced in 2007 than in 2012. Also, the EQLS data showed that younger Croatian citizens (18–34 years) rated their happiness higher than the same generation in the EU28.

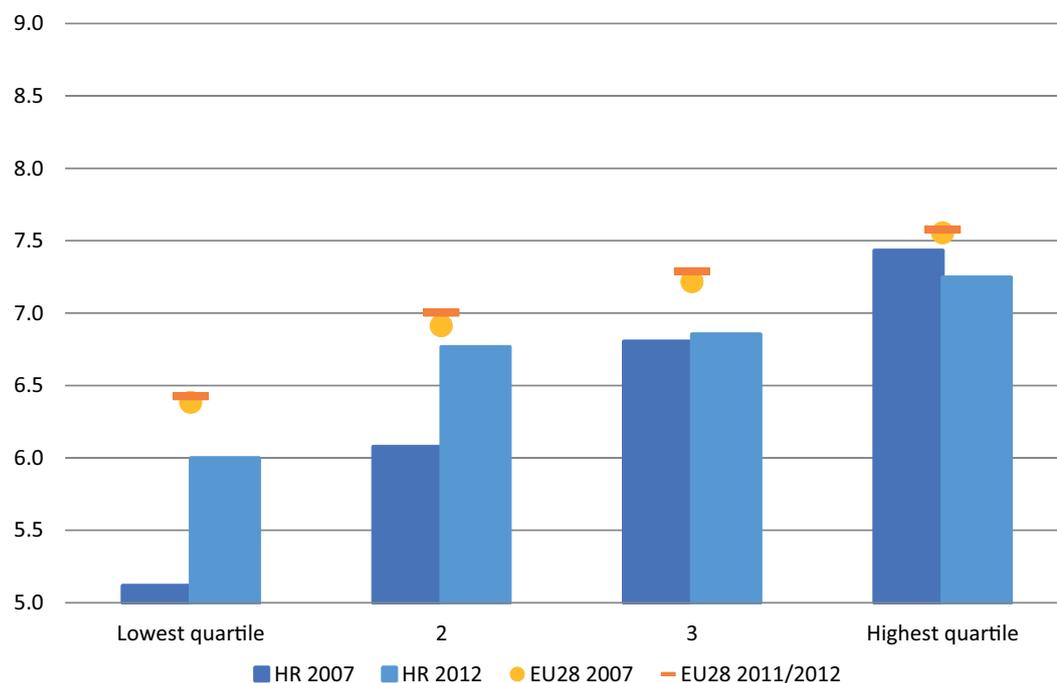
Figure 25: Happiness by age, 2007–2012, Croatia and EU28



Note: Q41: 'Taking all things together on a scale of 1 to 10, how happy would you say you are?' Scale ranged from 1 (very unhappy) to 10 (very happy).

Subjective well-being as a function of income showed that differences in subjective well-being between 'rich' (the highest income quartile) and 'poor' (the lowest income quartile) were more pronounced in Croatia than in the EU28, especially in 2007. In the EU28 in the period 2007–2012, the average happiness ratings decreased and life satisfaction stayed at the same level in all income groups. In Croatia, by contrast, both happiness and life satisfaction ratings increased among the lower income quartiles, and slightly decreased in the highest income quartile. The happiness of Croatian citizens in 2012, across all income groups, almost reached the happiness level of EU28 citizens, while life satisfaction (Figure 26), across all income groups, stayed at a lower level than that of the EU28. The lower ratings of life satisfaction, when compared to the EU28, might be connected to the objectively lower level of income of Croatian citizens, as described in Chapter 1. Life satisfaction was found to be more affected by income than happiness and other affective states (Krueger and Schkade, 2007; Diener et al, 2013).

Figure 26: Life satisfaction by income quartiles, 2007–2012, Croatia and EU28

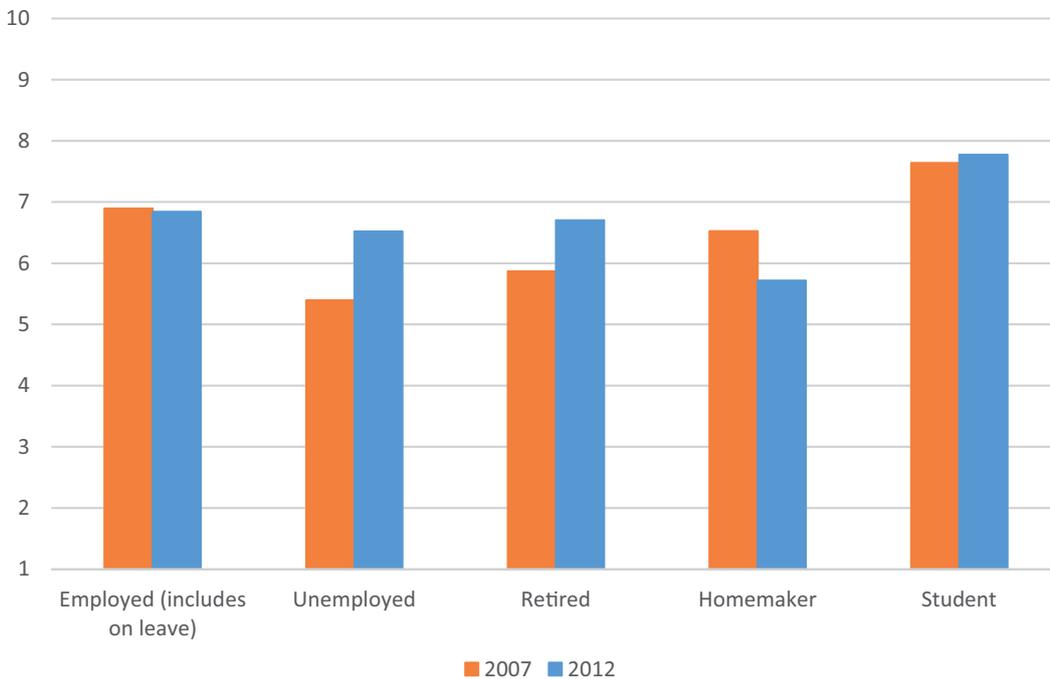


Note: Q30: 'All things considered, how satisfied would you say you are with your life these days?' Scale ranged from 1 (very dissatisfied) to 10 (very satisfied).

The increase in life satisfaction between 2007 and 2012 among the lower income groups was also observed when life satisfaction was analysed by employment status (Figure 27). The groups of unemployed and retired citizens, both of which could be considered as lower income groups, had lower levels of life satisfaction than employed citizens in both observed years, though their life satisfaction significantly increased from 2007 to 2012. The one plausible explanation of the increase in life satisfaction among these groups is the high expectations associated with joining the EU in 2013. Eurobarometer results for 2007 and 2012 indicate that the percentage of Croatian citizens who held positive attitudes toward the EU increased from 30% in 2007 to 37% in 2012. There was a higher proportion of older people than other age groups among those with positive attitudes toward the EU (38% in 2007 and 41% in 2012). As for unemployed people, it is possible that they expected to find a job somewhere in the EU, which made them more satisfied with their life in 2012 than in 2007. The analysis of Grunov (2014) showed that positive expectations about re-employment increase life satisfaction.

Another important factor that could have contributed to increased life satisfaction in the general population and in particular groups is the increase in perceived health status and satisfaction with healthcare services, which was observed in Croatia in the period from 2007 to 2012 (see Chapter 4 for further details).

Figure 27: Life satisfaction by employment status, 2007–2012, Croatia



Note: Q30: 'All things considered, how satisfied would you say you are with your life these days?' Scale ranged from 1 (very dissatisfied) to 10 (very satisfied).

## Levels of optimism

The level of optimism among Croatian citizens did not change in the period from 2007 to 2012. About half of the Croatian population in both years (56%) agreed or strongly agreed with the statement, 'I am optimistic about the future'. However, optimism levels increased significantly among citizens living in rural areas, while those living in urban areas did not change their attitudes toward the future. Comparisons regarding employment status showed similar results as in life satisfaction ratings: levels of optimism increased in the observed period for retired and unemployed people, which could be a consequence of high expectations associated with joining the EU, as explained earlier. Results also indicate that in 2007, people in the lowest income quartiles were less optimistic than those in the highest quartile, while in 2012 citizens in all income quartiles were equally optimistic. It could be concluded that the level of optimism in the period 2007 to 2012 increased among vulnerable groups – those on a lower income, those living in rural areas, unemployed people and retired people – all of whom possibly had higher expectations regarding Croatia joining the EU than those who were more financially secure.

## Determinants of life satisfaction

Previous research showed that a plethora of socio-demographic, personal and institutional factors affect the life satisfaction of Croatian citizens (Eurofound, 2011). In order to examine the impact of each of the various factors on life satisfaction, regression analyses were performed for data collected in 2007 and 2012. The predictor variables included socio-demographic characteristics, health status (general health and mental well-being), perceived material deprivation, social and institutional factors and satisfaction with various life domains (Table 4).

Table 4: Regression analyses for overall life satisfaction, 2007 and 2012, Croatia

	2007			2012		
	r	$\beta$	p	r	$\beta$	p
HH2a Gender (1–Male; 2–Female)	.006	.048	.106	.003	<b>.072</b>	.029
HH2b What was your age last birthday?	-.203	-.005	-.897	-.044	.063	.106
Education (1–Tertiary; 0–Lower)	.143	-.048	.138	.116	-.013	.724
Q42 General health (1–very good; 5–very bad)	-.330	.018	.690	-.306	.014	.811
Household income in euro (Q63 and Q64)	.369	<b>.126</b>	.000	.165	-.059	.123
Urbanization (0–Countryside/village; 1–Town/city)	.169	.080	.011	.090	.061	.063
Social exclusion index	-.456	<b>-.167</b>	.000	-.355	<b>-.087</b>	.017
WHO-5 mental well-being index	.418	<b>.144</b>	.000	.467	<b>.234</b>	.000
Deprivation index	-.466	-.094	.013	-.340	-.073	.081
Number of problems with accommodation	-.314	-.071	.043	-.131	.023	.509
Health services accessibility index	.280	.008	.799	.213	.023	.522
Trust in institutions Index	.253	<b>.101</b>	.003	.223	.063	.083
Public services index	.317	.069	.051	.209	-.031	.409
Social tensions index	.040	-.059	.056	.169	.036	.281
Q40a Your education: How satisfied are you?	.337	-.009	.802	.298	<b>.107</b>	.004
Q40c Your standard of living: How satisfied are you?	.570	<b>.226</b>	.000	.485	<b>.235</b>	.000
Q40d Your accommodation: How satisfied are you?	.454	.025	.586	.374	.033	.443
Q40e Your family life: How satisfied are you?	.408	.036	.353	.381	<b>.087</b>	.029
Q40f Your health: How satisfied are you?	.430	.070	.170	.383	<b>.128</b>	.033
Q40g Your social life: How satisfied are you?	.414	.058	.134	.385	.041	.353
<b>adjusted R<sup>2</sup></b>		<b>.489</b>	<b>.000</b>		<b>.404</b>	<b>.000</b>

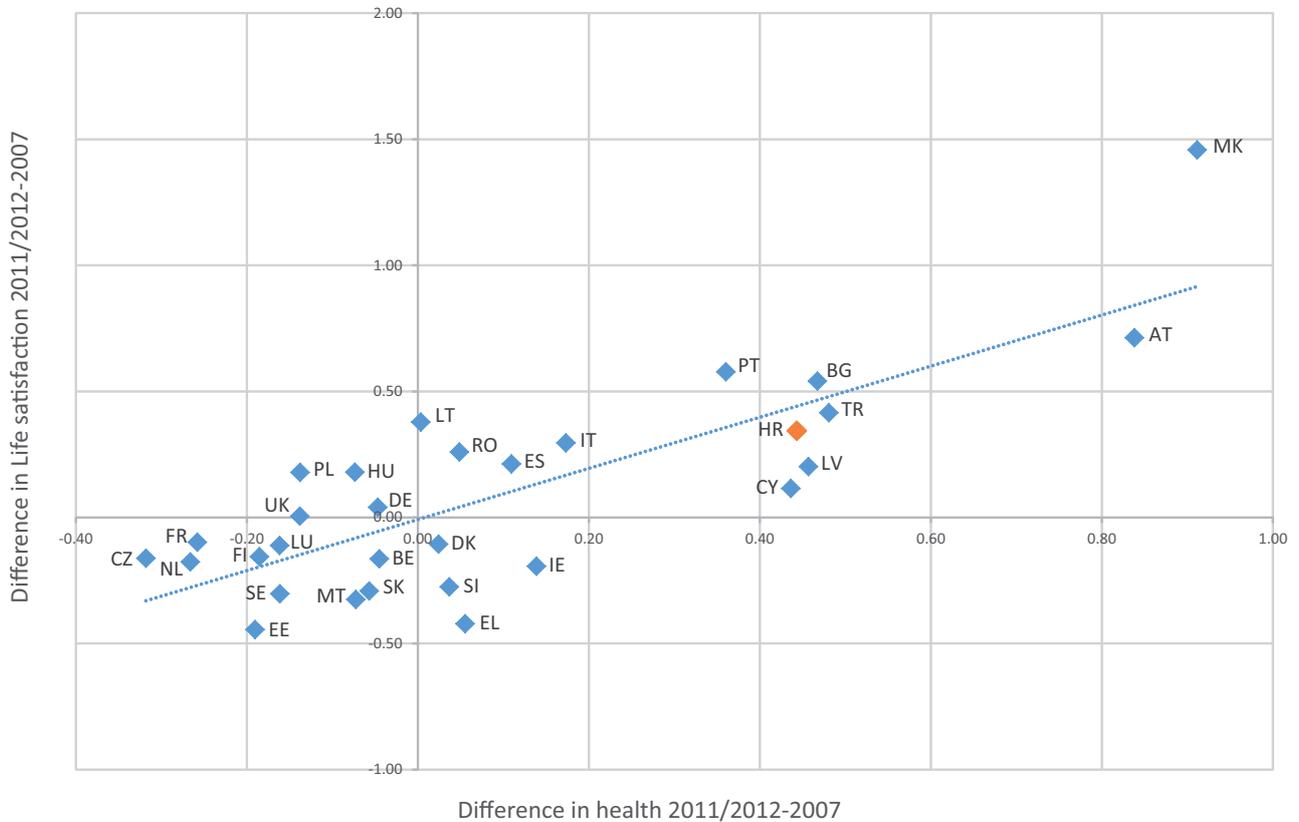
Note: r – Pearson correlation;  $\beta$  – standardized regression coefficient; p – significance level for betas; Significant betas ( $p < .05$ ) are in bold type; Variable ‘Q40b: Your present job / How satisfied are you?’ is excluded from equation

The regression analyses showed that in both observed years, important predictors of life satisfaction were satisfaction with the standard of living, mental well-being and perceived social exclusion. Higher satisfaction with standard of living, higher mental well-being and lower perceived social exclusion were associated with higher life satisfaction, both in 2007 and 2012. In 2007, increased life satisfaction was also observed among those who were more trusting in public institutions, as well as those who had higher household incomes. In 2012, the impact on overall life satisfaction was more related to satisfaction with various life domains (education, family life and health) and less to available income. It is therefore possible that during the economic crisis, people’s life satisfaction was more determined by satisfaction in personal life domains than objective circumstances such as income or societal factors.

Within the given set of variables, those that were significant in predicting life satisfaction in 2012 were mental well-being and satisfaction with health, both of which significantly increased from 2007 to 2012 and therefore influenced the increase in life satisfaction in the observed period.

In fact, increases in satisfaction with health between 2007 and 2012 were associated with increases in life satisfaction in other EU countries, as shown in Figure 28.

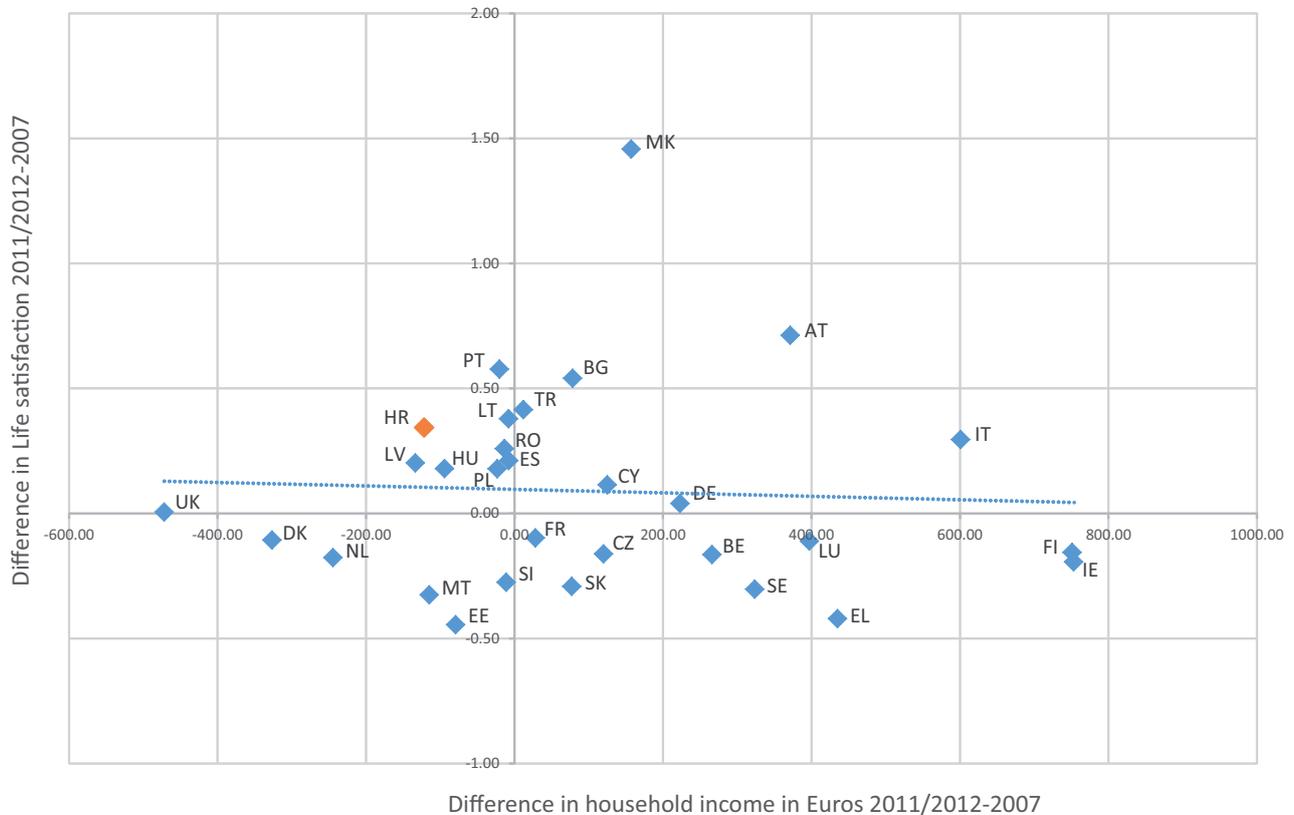
Figure 28: Change in health satisfaction vs. change in life satisfaction, 2007–2012, EU28



Note: Q40f: 'Your health: How satisfied are you?'; and Q30: 'All things considered, how satisfied would you say you are with your life these days?' Scale ranged from 1 (very dissatisfied) to 10 (very satisfied).

Changes in income did not affect changes in life satisfaction across the EU (Figure 29). There is an apparent trend of an increase in subjective well-being being associated with increased satisfaction with personal health, while the change in income has no clear relation with the change in subjective well-being.

Figure 29: Change in income vs. change in life satisfaction, 2007–2012, EU28



Note: Q30: ‘All things considered, how satisfied would you say you are with your life these days?’ Scale ranged from 1 (very dissatisfied) to 10 (very satisfied). Household income is in euro, based on information from Q63 and Q64.

## Policy pointers

There was a noticeable increase in the level of subjective well-being of Croatian citizens between 2007 and 2012. However, this is still below the EU28 average according to many indices.

Although subjective well-being improved during this period, it is still relatively low among older people, lower income groups, and unemployed people. As suggested by Eurofound (2011), measures to increase labour market participation, to ensure adequate income for all, especially for older age groups, are necessary and in accordance with the Europe 2020 strategy.

The monitoring of subjective well-being can provide valuable data, especially when a society expects substantial changes and reforms, as currently is the case in Croatia, now a full member of the EU. Policy interventions to increase the subjective well-being of a population are important, not only because it feels good to be happy, but also because happy people tend to volunteer more, have more positive work behaviour and be successful across multiple life domains. Subjective well-being should therefore be seriously considered in policymaking, as an increase in individual well-being benefits society as a whole.

Promoting people’s well-being is a primary goal of European social policy: happy, satisfied, fulfilled and engaged citizens nurture and contribute to flourishing European societies (Eurofound, 2005b). Recently, an increasing number of economists and government leaders have started to exhibit an interest in developing national records of subjective well-being. Such records could contribute important information beyond existing social and economic indicators, and as such prove highly useful for all kinds of policymakers (Diener et al, 2008).

# Conclusions and policy messages 6

This report presents the first comprehensive analysis of quality of life in Croatia that considers the trends in quality of life indices over a five-year period as well as in a comparative European context. Drawing on the results of the second and third EQLS, which were carried out in 2007 and 2012, it highlights some objective living conditions that impact subjective well-being and individuals' perceptions of the quality of society. Each chapter examines different quality of life issues: the economic situation and standard of living, housing; employment, work–life balance; perceived quality of society; health and healthcare; and subjective well-being. The main objectives of the report are to identify the relationship between objective living conditions and subjective components of quality of life and to position Croatia in a broader international context by comparing the results with EU28 and EU12 averages. Such comparisons make it possible to assess Croatia's challenges for EU integration. The report emerges at a crucial time for Croatia, which became the 28th EU country in 2013. The EQLS provides an important opportunity to understand the current situation in relation to quality of life in Croatia before integration.

The main findings of each chapter are as follows.

- Standard of living, expressed in terms of available household income, ability to make ends meet and material deprivation, is lower in Croatia than in the EU28, but this did not deteriorate noticeably between 2007 and 2012, in spite of the economic crisis that began in Croatia in 2008. The most vulnerable groups of people were older citizens and those with a lower education level.
- Home ownership is very common in Croatia. This is largely the result of the privatisation of social housing in the 1990s, which enabled people to become home owners instead of remaining as tenants. Therefore, housing costs do not create additional pressure on the already limited financial resources of many Croatian households. In relation to the size and quality of housing, the situation in Croatia in 2007 was not very favourable, especially in rural areas, though it improved between 2007 and 2012.
- One of the biggest problems of the Croatian economy is relatively low employment and high unemployment rates, especially for young and older people. In addition, the proportion of retired people in the general population is higher than in the EU28 and EU12, with an increase of 7.9% from 2007 to 2012. The relatively large share of retirees in Croatia is partly the consequence of rather generous early retirement schemes whereby early retirement was treated not as an exception but as a rule.
- Croatian workers work on average longer hours than workers in the EU28 and EU12. When considering job (in)security, Croatian workers' feelings of security decreased in the period 2007 to 2012. Hence, in 2012 workers perceived a relatively high likelihood that they would lose their job in the six months ahead. Long working hours, when combined with feelings of insecurity, low wages and poor working conditions, result in high work–life conflict situations; such conditions are experienced more often by Croatian workers than by workers in other European countries.
- Determining the quality of the social context in which people live complements the picture of overall quality of life. In Croatia, people's perceptions of the quality of society is not very high: at individual levels, people have little trust in others and in institutions. The level of trust in institutions is lower there than in the EU28 and EU12 and did not change in the period 2007 to 2012. The least trusted institution is the legal system, which may be a consequence of high perceptions of corruption in the country.
- Croatian citizens perceive a lot of tension between different social groups, especially between poor and rich people and management and workers. Perceived social exclusion decreased between 2007 and 2012, but was somewhat higher in both years than the EU28 average. People on a higher income, with a higher education level and of younger age felt less excluded from society. The differences between social groups were less pronounced in 2012 than in 2007, mostly due to improvements in feelings of being excluded among the most vulnerable groups: those on a lower income, with a lower education and of older age. Closing the gaps between different social groups in terms of feelings of belonging and connectedness within society is a positive change that occurred between 2007 and 2012.

- Volunteering is not well developed in Croatia. Only 8.2% of citizens regularly volunteer (at least every month), which is a much lower proportion than the EU28 average (17%). More volunteers were found in urban than in rural areas, and the most active volunteers are students. Regarding participation in social activities, Croatian citizens are close to the EU28 average.
- Analysis of health and access to health services showed significant improvements from 2007 to 2012. Physical and mental health perceptions of Croatian citizens significantly improved, as well as perceptions of the accessibility of healthcare services. These improvements were especially pronounced in the most vulnerable groups: older people, those with a lower income and those living in rural areas. One possible reason for these improvements is the introduction of the ‘e-health initiative’ by the Croatian Ministry of Health in 2011, which was successfully implemented and gained good public visibility and media coverage.
- The subjective well-being of Croatian citizens significantly increased between 2007 and 2012, in terms of life satisfaction and happiness ratings. Among various life domains, Croatian citizens rated family life and accommodation as the most satisfying domains, and standard of living as the least satisfying one, similar to EU28 citizens as a whole. Life satisfaction and the happiness of Croatian citizens increased in the period 2007 to 2012, especially among vulnerable groups: those on a lower income, those living in rural areas, unemployed people and retired people. This increase in the level of subjective well-being among Croatian citizens can be partly explained by positive expectations associated with future EU membership; the survey was conducted in spring 2012, when some people held high expectations about future changes. Another important factor in explaining the increased subjective well-being is the increase in perceived health and the accessibility of healthcare services during the observed period.

The analysed trends in various quality of life indices showed interesting results: in spite of the economic crisis, high unemployment, low income, relatively low standard of living and low trust in the most important public institutions, Croatian citizens experienced an increase in subjective well-being in the period 2007 to 2012, accompanied with better perceived health and feelings of less social exclusion. The positive changes in the quality of life indices were found to be more pronounced in the most vulnerable groups: older, living in rural areas, unemployed and with lower income. However, it is essential to acknowledge that these vulnerable groups by many indices are still well below the country averages, as well as EU28 averages.

### Policy pointers

The macroeconomic situation in Croatia is deteriorating as a consequence of the crisis, and this is reflected in income levels. Income levels are much lower than in the EU28 and material deprivation is higher. A gradual recovery of the European economy and the positive effect of the Croatian accession to the EU, primarily through stronger absorption of EU funds and the strengthening of foreign direct investment, should help to contribute to economic recovery, an increase in employment possibilities and an increase in income levels. All these factors should improve the unfavourable economic position of people in Croatia.

Given that Croatia has one of the highest unemployment levels in Europe, improving the employability of the labour force should continue to be the key policy priority in Croatia. Unemployed people and their families, as well as low-skilled people, are most at risk of income poverty. This indicates that social inclusion and anti-poverty policies should rely more intensely on labour activation measures, in particular on facilitating job creation and increasing employability through education and training.

On average, people in Croatia work longer hours than people in the EU28 as a whole. They also perceive a higher level of job insecurity and have poorer work–life balance. These findings are a significant cause for concern and suggest that more attention should be paid to labour regulations in order to create a more dynamic labour market and to ensure labour

force flexibility and job security. In addition, the provision of better education opportunities, more training and lifelong learning are also considered important factors in enabling people to access good quality jobs, which, in turn, leads to greater social inclusion.

Difficulties experienced in maintaining a good work–life balance have a large impact on people’s satisfaction with their work, family and personal lives, all of which are important dimensions of quality of life. The social partners in Croatia should therefore consider creating and offering new possibilities for balancing family, social and work life. Employees should be offered greater choices in setting their work schedules through the introduction of more working time flexibility. Women should be given more opportunities in the labour market through the greater provision of good quality childcare services.

The results indicate that average trust levels among people in Croatia are lower than those found in the EU28, especially among those with lower educational levels. Opportunities for lifelong learning need to be increased and more people should be completing tertiary education. Low trust in public institutions in Croatia, including the government, the parliament, the legal system and the media should be addressed by making institutions more transparent and accountable. Further strengthening of anti-corruption measures would contribute to an increase in trust in public institutions, especially the legal system, which is the least trusted. Opportunities for civil and political involvement need to be increased because such participation can contribute to overall quality of society by improving the subjective well-being of individuals and strengthening their sense of social solidarity. This becomes particularly important when perceived tension between social groups in Croatian society is high and trust in public institutions is very low.

Perceived quality of healthcare services in Croatia significantly improved between 2007 and 2012. Notably, this improvement was most pronounced among disadvantaged social groups: older people, people living in rural areas and those on a lower income. However, perceived improvements do not mean that this process is finished. Much more should be done to enhance access to health protection and to ensure that all citizens have access to basic medical services. In order to further improve citizens’ physical and mental health, special schemes should be developed to focus on health prevention programmes and health education.

In line with the improvements in perceived health during the observed period, Croatian citizens experienced increases in subjective well-being. Nevertheless, certain groups of people are relatively more disadvantaged in regard to life satisfaction. Lower than average levels of life satisfaction emerged for unemployed people, those on a low income and older people. This fact should be taken as a clear signal that policymakers need to develop and implement measures aimed specifically at these groups. Regular monitoring of subjective well-being can provide valuable data, especially when a society expects substantial changes and reforms, as is the case for Croatia, now a full member of the EU.



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## Annex 1: Fact sheet for Croatia

	2007	2012	2012–2007	EU28 2012
<b>Population</b>				
Population on 1 January	4,313,530	4,275,984	-37,546	504,582,506
Age structure, persons <15 in % of total	15.6	15.1	-0.5	15.6
Age structure, persons 15–64 years in % of total	66.7	67.0	0.3	66.5
Age structure, persons >64 years in % of total	17.7	17.9	0.2	17.9
Women in population %, Eurostat	51.9	51.8	-0.1	51.2
Live expectancy at birth, male	72.2	73.9	1.7	77.5
Live expectancy at birth, female	79.2	80.6	1.4	83.1
<b>Education</b>				
Tertiary educational attainment in % (30–34 years)	16.7	23.7	7.0	35.7
Tertiary educational attainment in %, females (30–34 years)	21.1	28.8	7.7	39.9
<b>Macroeconomics</b>				
GDP per capita in PPS; index: EU28=100	61.0	61.0	0.0	100.0
Gini coefficient, %	29.0	30.5	1.5	30.6
Inequality of income distribution S80/S20	4.5	5.4	0.9	5.1
<b>Labour</b>				
Inactive population as % of total population (15–64 yrs.), total	36.6	39.5	2.9	28.3
Inactive population as % of total population (15–64 yrs.), male	29.6	33.9	4.3	22.1
Inactive population as % of total population (15–64 yrs.), female	43.6	45.0	1.4	34.5
Employment rate, % (15–64 years), total	57.1	50.7	-6.4	64.1
Employment rate, % (15–64 years), male	64.4	55.1	-9.3	69.6
Employment rate, % (15–64 years), female	50.0	46.2	-3.8	55.8
Unemployment rate,% total	9.8	16.3	6.5	10.6
Unemployment rate, % male	8.5	16.5	8.0	10.6
Unemployment rate, % female	11.4	16.0	4.6	10.6
<b>Ethnic composition</b>				
	<b>2002</b>	<b>2012</b>		
Croat	89.6%	90.4%		
Serb	4.5%	4.4%		
Bosnian	0.5%	0.7%		
Italian	0.4%	0.4%		
Hungarian	0.4%	0.3%		
Albanian	0.3%	0.4%		
Slovenian	0.3%	0.3%		

Source: Eurostat data (extracted May 2014), except ethnic composition data – source: Central Bureau of Statistics of Croatia (CBS), Census 2001 and Census 2011.

## Annex 2: Brief description of indices used

All indices used in this report were carefully checked for construct validity and internal consistency. The data from both rounds of the EQLS (2007 and 2011–2012) were used and separately analysed for participants from the EU28 and Croatia. To examine the construct validity of indices, the principal component analyses (PCA) were applied yielding clear, one-factor solutions. The Kaiser-Guttman criterion of eigenvalues over one and the Scree test criterion converge to retain only the first component, and VAFs (variance accounted for) by single retained principal components in different subsamples are reasonably high (mostly exceed 50% of VAF). The reliability of indices, in both rounds and in both subsamples, is also satisfactory. Most Cronbach alphas exceed .70, which indicates acceptable reliability for such short scales.

### WHO-5 mental well-being index

The World Health Organization's mental well-being index (WHO-5) was developed to measure positive psychological well-being over the previous two weeks. This index is calculated from responses to five items (questions 45a–45e): a) I have felt cheerful and in good spirits; b) I have felt calm and relaxed; c) I have felt active and vigorous; d) I woke up feeling fresh and rested; e) my daily life has been filled with things that interest me. Each of the items were measured on a six-point answering scale, ranging from 'all of the time' (5) to 'at no time' (0). Scores for these five questions can amount to a maximum of 25, which is then multiplied by four to get a maximum of 100.

### Social exclusion index

This index, also known as the index of perceived social exclusion, was developed by Eurofound. A high score on the social exclusion index indicates high levels of perceived social exclusion (low well-being). This index is calculated as an average score based on an assessment of four statements (questions 29e–29h): e) I feel left out of society; f) life has become so complicated today that I almost can't find my way; g) I feel that the value of what I do is not recognised by others; h) some people look down on me because of my job situation or income. The index can range from one to five, where one represents maximum integration based on strong disagreement with all the above statements, and five represents maximum exclusion based on strong agreement with all of them.

### Trust in institutions index

This index is calculated as an average from responses to four items related to trust in the institutions. It is based on the question 'Please tell me how much you personally trust each of the following institutions' (questions 28a, 28b, 28d and 28e): a) parliament, b) the legal system, d) the police, e) the government. Category (f), local (municipal) authorities, is omitted, because it is not measured in EQLS 2007. Category (c), the press, is also omitted from the index in this report as the sole focus was on trust in state institutions. Results for this index are expressed on a scale of one to 10, where one means that the respondent has no trust, and 10 means that they have complete trust in institutions.

### Deprivation index

This index is calculated as the average number of items that a respondent's household cannot afford if they wanted to buy them, from the following list (questions 59a–59f): a) keeping your home adequately warm; b) paying for a week's annual holiday away from home (not staying with relatives); c) replacing any worn out furniture; d) a meal with meat, chicken, fish every second day if wanted; e) buying new, rather than second-hand, clothes; and f) having friends or family for a drink or meal at least once a month. The index value can range from zero to six, where a larger number indicates higher material deprivation of the household.

### **Public services index**

This index is defined as the average value of responses to ‘How would you rate the quality of each of the following public services?’ (questions 53a–53g). Categories here are: a) health services; b) education system; c) public transport; d) childcare services; g) state pension system; h) long-term care services; and f) social or municipal housing. When comparing with data from EQLS 2007, the category (f), social or municipal housing, is omitted. The index value can range from one (very poor quality) to 10 (very high quality).

### **Social tensions index**

Findings regarding this index were computed based on answers about perceived tension between five different groups. The main question was: ‘How much tension is there in this country?’ Categories (questions 25a–25e) were: a) poor and rich people; b) management and workers; c) men and women; d) older people and young people; and e) different racial and ethnic groups. In this index, a score of one means no tension and a maximum score of three means a lot of tension, across the five categories. Thus, a higher score relates to a higher rate of tension and vice versa. The index comprises both vertical and horizontal tensions.

### **Healthcare service accessibility index**

This index is defined as the average value of the question: ‘Last time you saw a doctor, what factors made it difficult?’ across five categories (questions 47a–47e): a) distance to doctor, hospital or medical centre; b) delay in getting an appointment; c) waiting time to see doctor on day of appointment; d) cost of seeing the doctor; and e) finding time because of work or caring duties for children or others. The category (e), finding time because of work or caring duties for children or others, is omitted as it is not in EQLS 2007. The index value can range from one (very difficult) to three (not difficult at all).





*The period 2007–2012, covered by the second European Quality of Life Survey (EQLS), was a critical time for Croatia, with EU integration on the horizon and the effects of the recession impacting on all strands of society. This report compares recent changes and trends in Croatia during this period with those in the rest of the EU, focusing on several key aspects of quality of life: standard of living, housing, employment, work–life balance, health and healthcare and quality of public institutions. It also charts people’s perceptions regarding social tensions, social exclusion, life satisfaction and happiness. While the findings reveal a lower standard of living overall in Croatia compared to the EU28 – almost a third of people reporting difficulties in making ends meet – as well as high levels of unemployment and job insecurity, there are positive developments in several areas: quality of housing, family life, subjective well-being and improved health and access to health services.*

The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite EU body, whose role is to provide key actors in social policymaking with findings, knowledge and advice drawn from comparative research. Eurofound was established in 1975 by Council Regulation EEC No 1365/75 of 26 May 1975.