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Američka gospodarska komora u Hrvatskoj | American Chamber of Commerce in Croatia

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Survey of the business environment in Croatia 2025



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Survey of the business environment

Introduction

AmCham Croatia brings together 360 American, Croatian, and other international companies that employ more than 100,000 people in Croatia. As the oldest foreign chamber in Croatia, AmCham has been actively contributing to the improvement of the business environment for over 25 years by advocating best business practices and providing a range of recommendations to position Croatia as an attractive investment destination.

As a chamber that gathers mostly foreign investors in Croatia, as well as a significant number of Croatian companies operating in international markets, AmCham Croatia carried out a survey of the business environment at the end of 2024. The survey, carried out among companies' management boards, provided valuable insights into business performance in 2024 and investor sentiment for future activities.

Methodology, sample, and purpose of the survey

The survey was carried out from December 9, 2024, to February 10, 2025, on a sample of 152 executives from domestic and international companies in Croatia. Based on the number of employees, 35% of participants were from large companies, 24% from medium-sized companies, 26% from small companies, and 15% from companies with fewer than 10 employees. The majority of respondents represented companies predominantly under domestic ownership (55%), while 44% were in majority foreign ownership. Less than 1% of participants came from companies with mixed ownership. The purpose of the survey was to assess respondents' views on the overall business environment in Croatia.

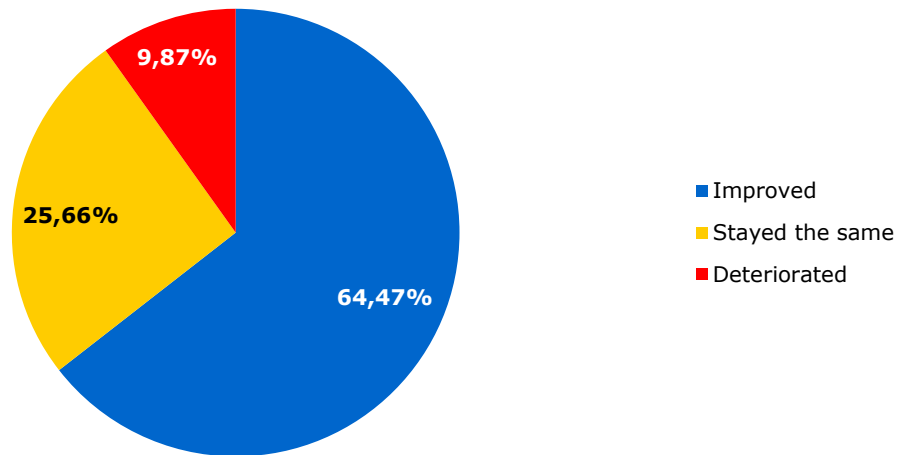


Survey results

Business results in 2024

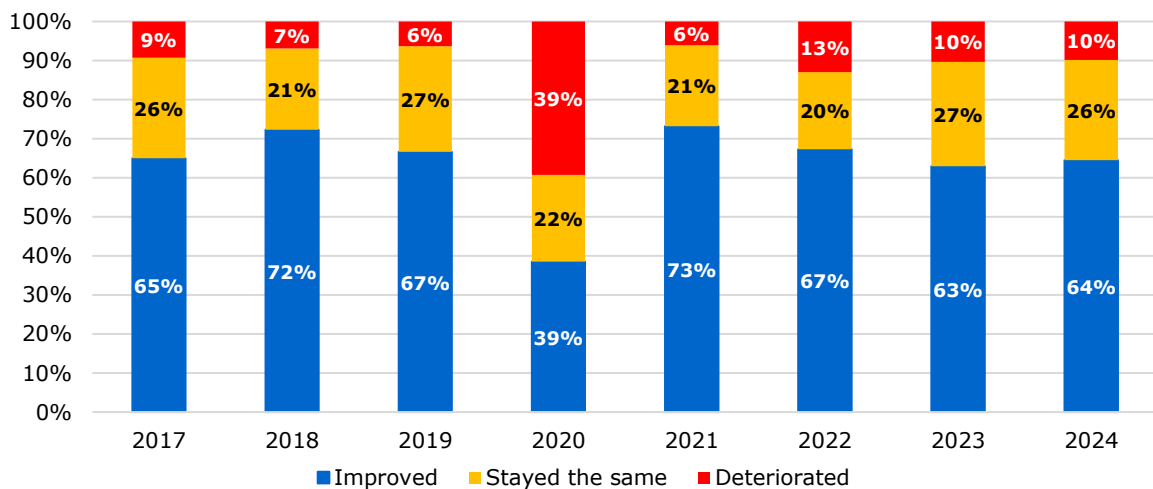
In 2024, 64% of respondents rated their business results as better than the previous year, indicating a positive trend. On the other hand, 10% of companies experienced deterioration in business results, while the remaining 26% saw no significant changes throughout the year.

How has your business situation developed in 2024?



Compared to the previous year, the business situation remained almost unchanged, with one positive exception – a slight increase in the number of companies reporting improvement, from 63% to 64% in 2024.

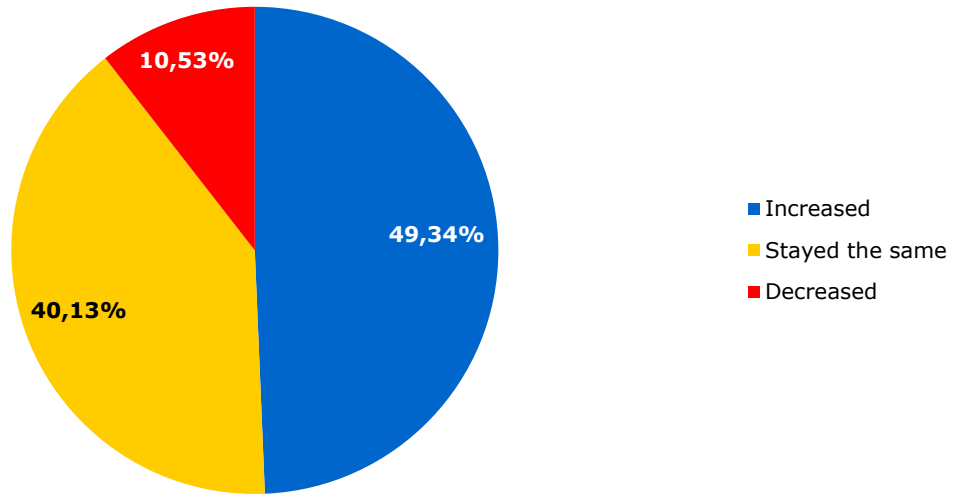
Business situation over the years





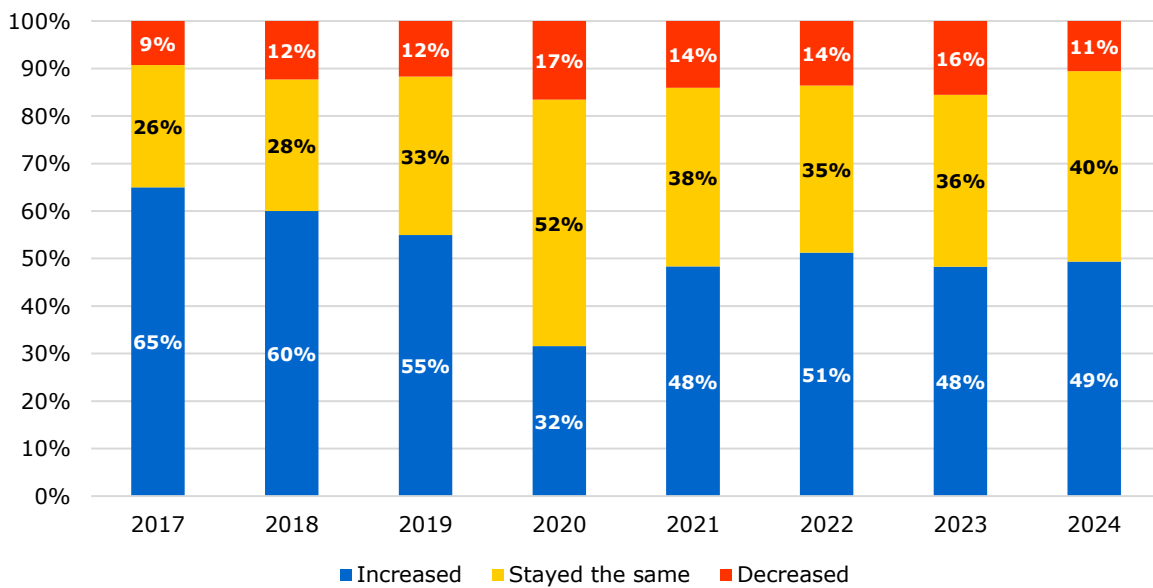
Almost half of the companies surveyed increased their number of employees, while 40% maintained the same level of employment.

How has the total number of employees in your company changed in 2024?



Compared to the previous year, the number of companies that reduced their staff decreased from 16% to 11%, while at the same time, the share of those maintaining the same number of employees increased from 36% to 40% in 2024.

Share of companies according to employment trends in Croatia

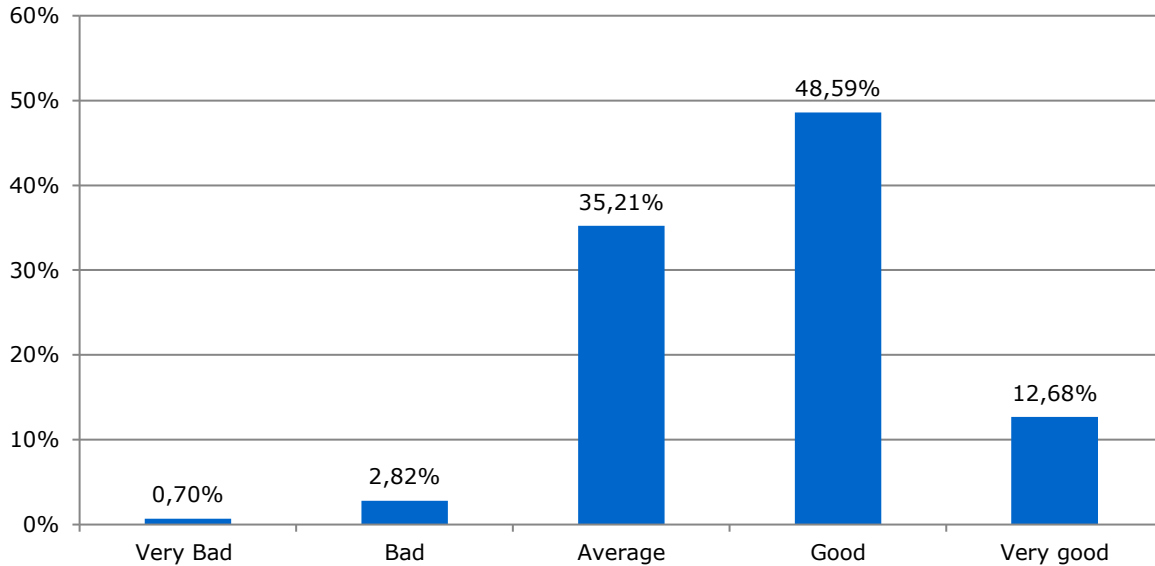




Business environment

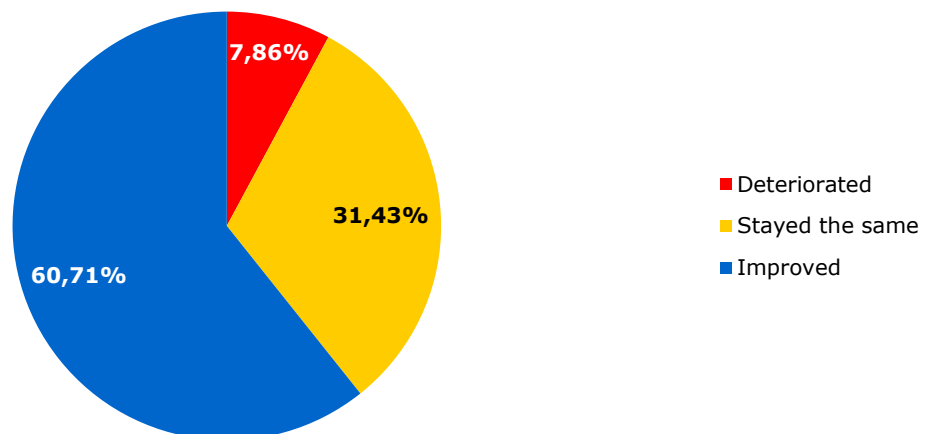
The overall experience of conducting business in Croatia was rated as good or very good by 61% of respondents, marking an increase compared to 2023, when this share was 59%. At the same time, 35% of respondents consider the business environment to be average.

How would you rate overall experience with your company's business in Croatia?



For 61% of respondents, business conditions in Croatia have improved over the past five years, while 31% believe they have remained unchanged. On the other hand, 8% of companies have noticed a deterioration in business conditions.

Would you say that business conditions in Croatia have improved, stayed the same or deteriorated in the past 5 years?





The main limiting business factors in 2023.:

- 1) Lack of adequate workforce
- 2) Inflation
- 3) Labor taxation

The main limiting business factors in 2024.:

- 1) Lack of adequate workforce
- 2) Labor taxation
- 3) Inflation

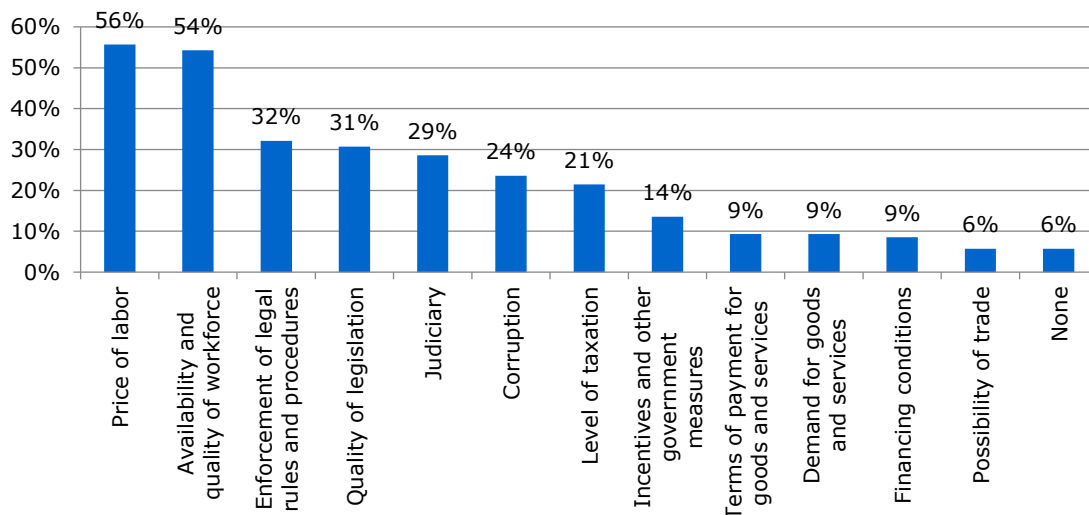
The lack of an adequate workforce continues to be the main limiting factor in business, according to survey participants. In second place, labor taxation and inflation are equally represented.

When asked about the three biggest issues companies have faced in the past five years, respondents equally ranked the lack of an adequate workforce and long and complex administrative procedures in the first place. The third spot is occupied by labor taxation. These challenges have appeared as the top three in three consecutive surveys.



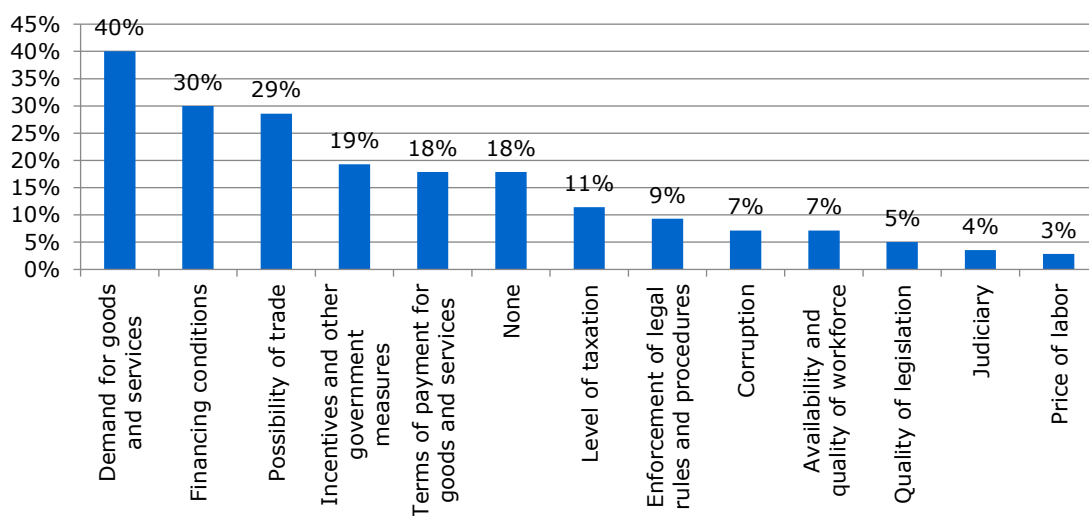
The biggest deterioration in business conditions over the past five years, according to respondents, is noticed in the price of labor along with the availability and quality of the workforce, followed closely by challenges related to the enforcement of legal rules, the quality of the legal framework, and the judiciary.

In which areas have you noticed biggest deteriorations in the past 5 years? You can choose multiple answers.



The biggest improvements in the past five years, according to respondents, have been observed in the increased demand for goods and services, as well as favorable financing conditions, which are ahead of trade exchange opportunities compared to last year's survey.

In which areas have you noticed biggest improvements in the past 5 years? You can choose multiple answers.

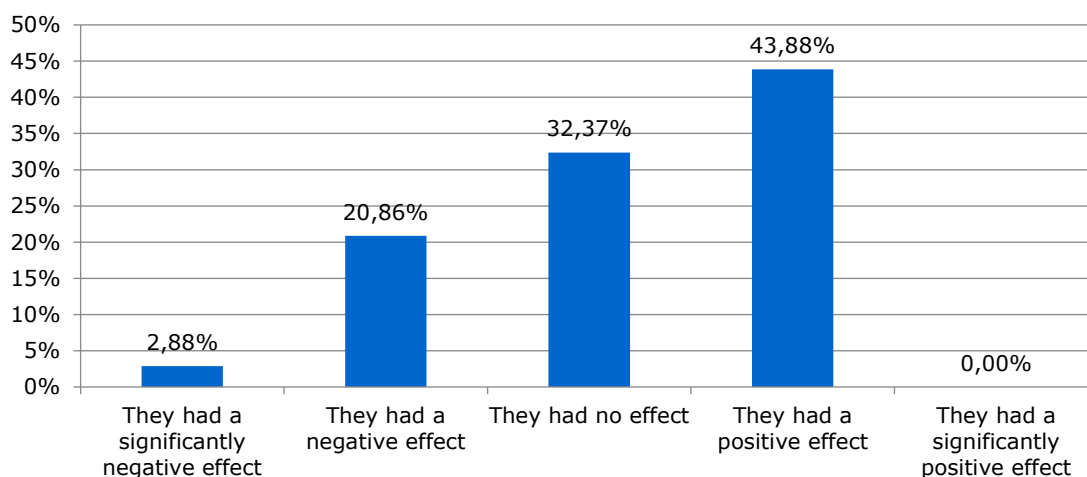




Impact of institutions on the business environment

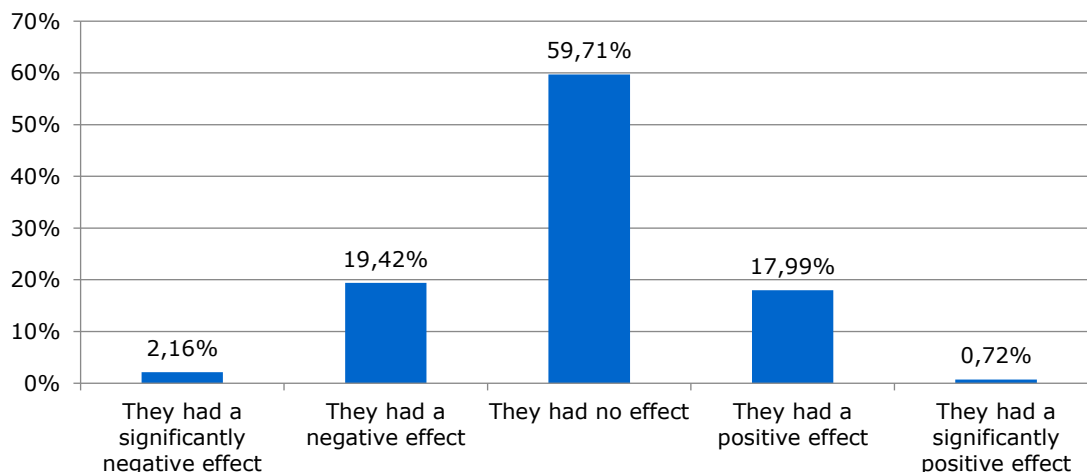
The percentage of respondents who rated the impact of government administration on the business environment as positive has increased to 44%, which is a significant rise compared to 36% last year. On the other hand, the number of those who consider this impact neutral has decreased, now making up 32%.

In what way have government regulations and operations of state administration affected business conditions in Croatia in the past 5 years?



For most respondents (60%), regulations and activities of local administration have not had a significant impact on the business environment in Croatia over the past 5 years. However, there has been an increase in the number of respondents who perceive this impact as positive, rising from 10% to 19% compared to last year.

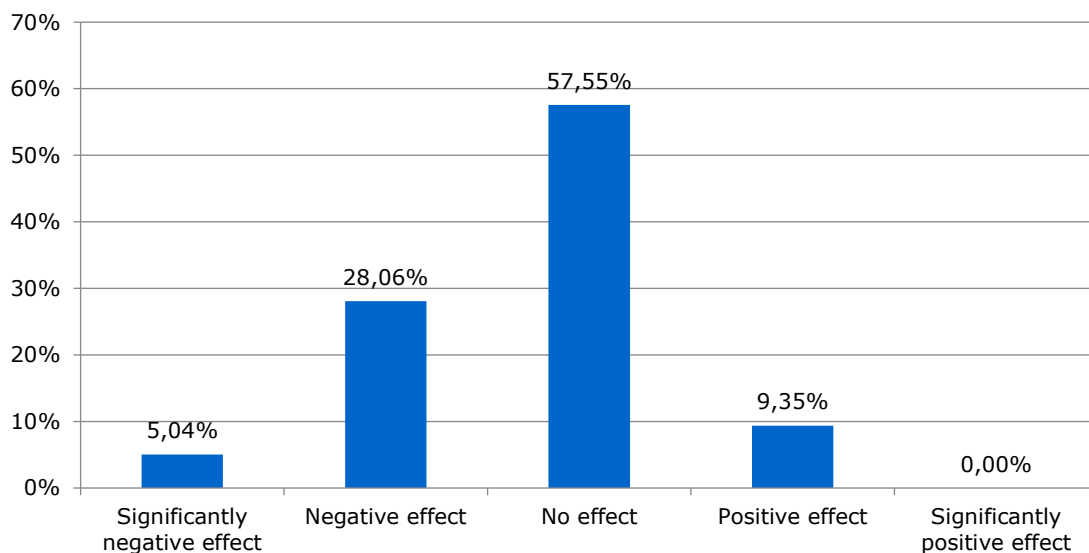
In what way have regulations and administration of local authorities (cities, municipalities, counties) affected the business conditions in the past 5 years?





Compared to the previous survey, there has been a slight increase in the number of positive and neutral assessments of the impact of judiciary on business over the past 5 years, while the number of negative assessments has decreased.

What kind of effect has the Croatian judiciary had on your business in the past 5 years?

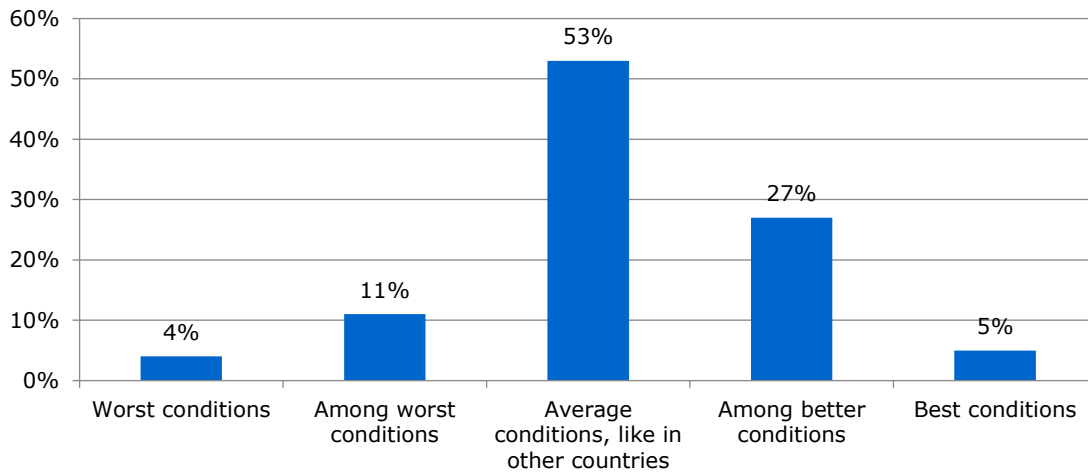




Comparison with the region

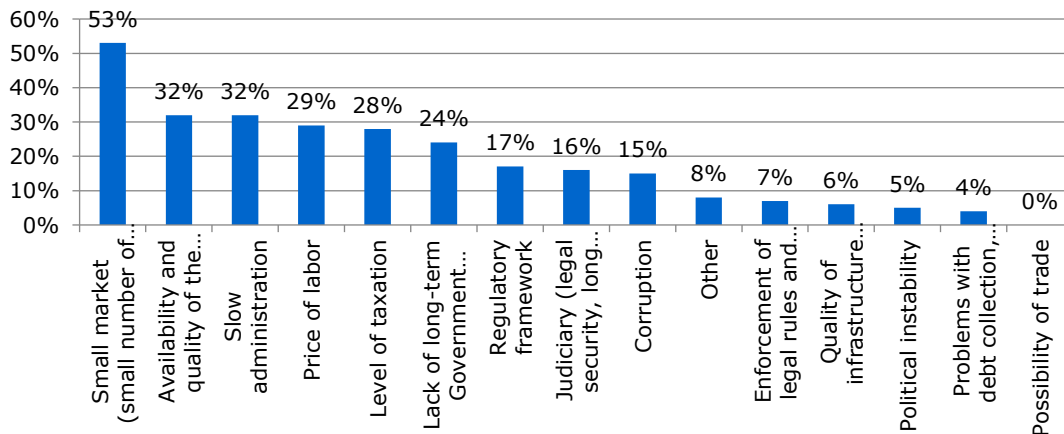
73% of the participating AmCham member companies also conduct business in other countries in Central and Eastern Europe, with 59% of them operating in more than five countries in the region.

How would you compare overall business conditions in Croatia with other countries in Central and Eastern Europe in which your company operates?



More than 30% of respondents believe that business conditions in Croatia are more favorable than in other countries in Central and Eastern Europe. The number of negative ratings has significantly decreased from 24% in 2023 to 15% in 2024. Additionally, 53% of respondents rated business conditions as comparable to the rest of the Central and Eastern Europe region, representing an increase compared to the previous year when this share was 46%.

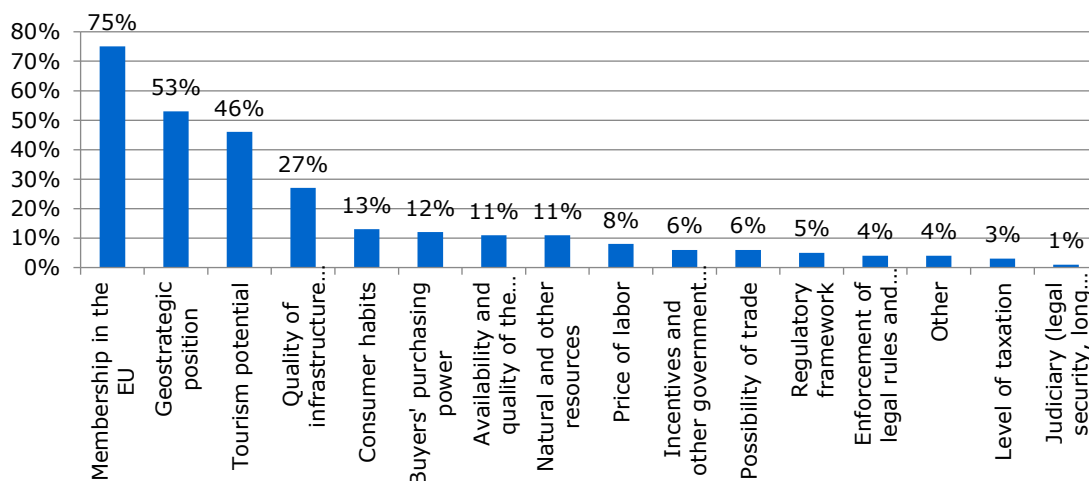
Which three of the following problems would you say are the biggest shortcomings when it comes to business conditions in Croatia compared to the countries in the region?





The small market still ranks first among Croatia's biggest disadvantages compared to other countries in the region. The second place is shared by slow administration and the availability and quality of the workforce, which has risen from fourth to second place compared to the previous year, indicating the growing importance of this issue. The price of labor rank third.

What are the three things you see as an advantage when it comes to business conditions in Croatia compared to the countries in the region?



As the biggest advantages of Croatia, respondents point out EU membership, the geostrategic position, and the country's tourism potential, as in the previous years.

The biggest business shortcomings in Croatia in comparison to other CEE countries:

- 1) Small market
- 2) Availability and quality of the workforce
- 2) Slow administration

The biggest business advantages in Croatia in comparison to other CEE countries:

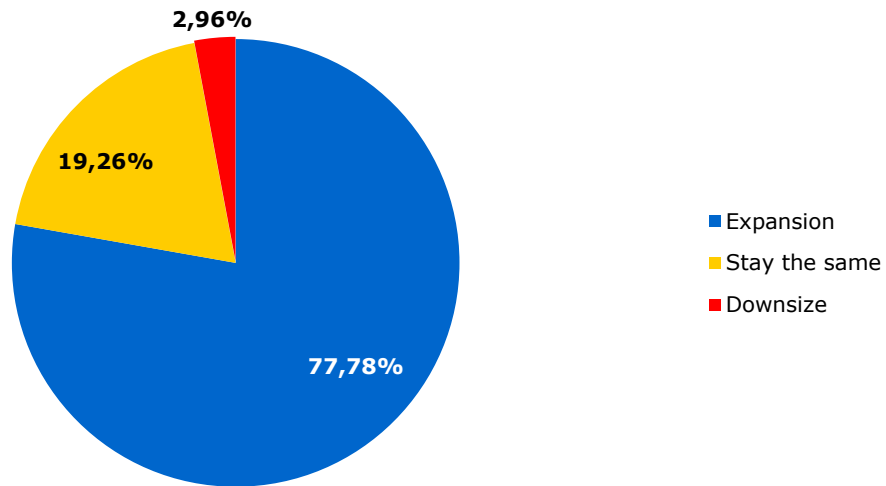
- 1) Membership in the EU
- 2) Geostrategic position
- 3) Tourism potential of the country



Business expectations

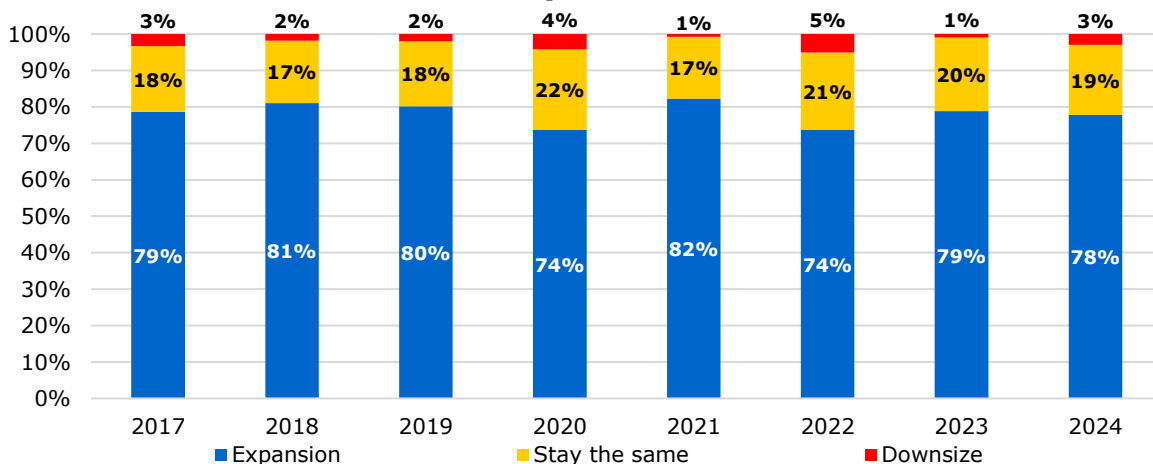
For the upcoming three-year period, around 78% of AmCham member companies plan to expand their business in Croatia, which represents a slight decrease compared to the previous survey (79%). There is also a slight increase in the number of respondents planning to reduce the scope of their business, now at 3% compared to 1% in 2023.

What are your company's plans for its Croatian operations in the next 3 years?



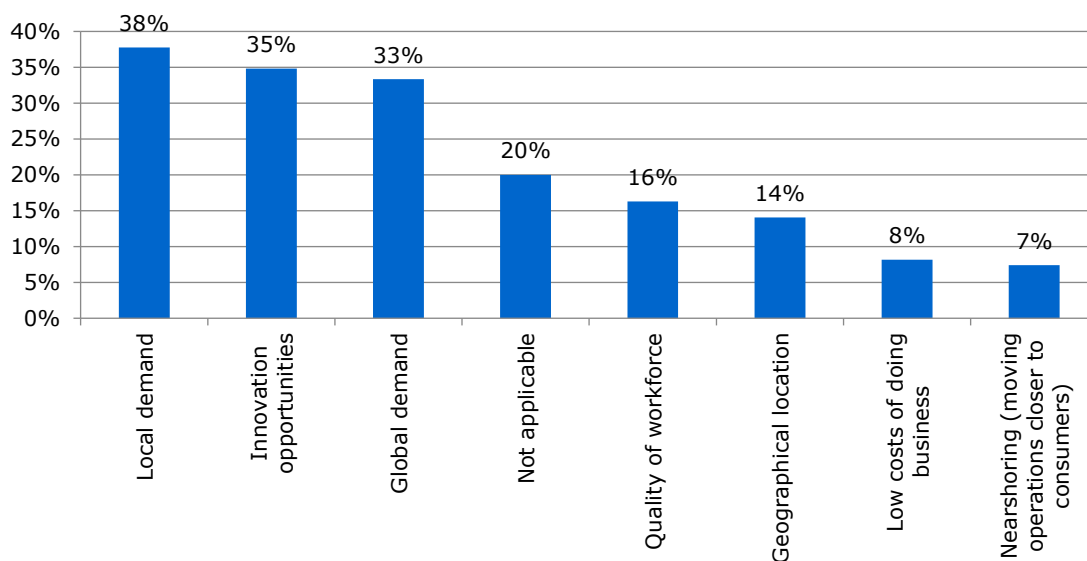
The plans for the upcoming period indicate a continued level of resilience and growth plans, similar to those of last year, despite the challenges and market disruptions that marked the previous period.

Company's plans for Croatian operations over the years



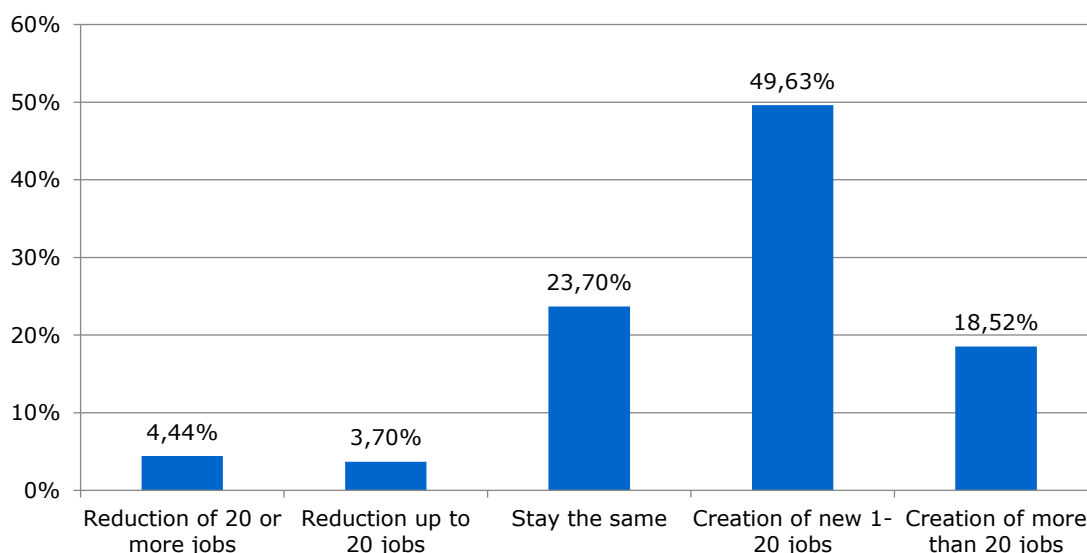


If your company plans to expand/invest in Croatia, what are the key drivers?



As in previous years, domestic demand continues to be the key driver for companies planning expansion in Croatia. However, opportunities for innovation have surpassed global demand, taking second place on the list of factors driving companies to expand their business and invest in Croatia.

Does your company plan a reduction/creation of new jobs in Croatia in the next 3 years?



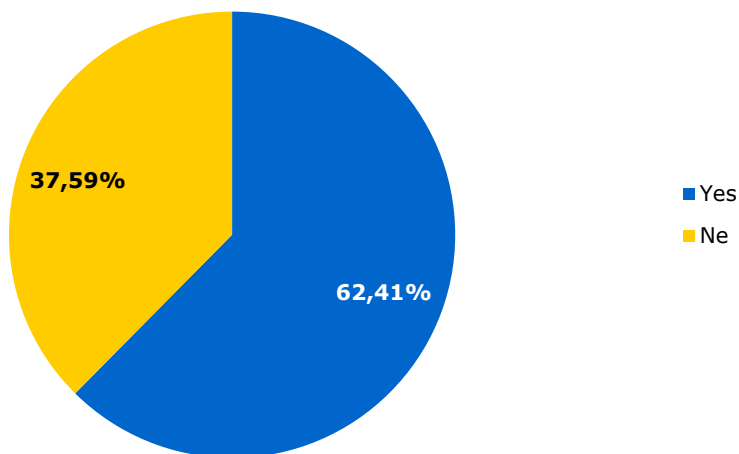
In the upcoming three-year period, around 68% of companies plan to hire new employees, with 19% planning to hire more than 20 new employees, which is a slight decrease compared to the previous survey. At the same time, the percentage of companies planning to reduce the number of employees has slightly increased to 8%, while last year this share was below 4%.



Salary growth and the inflation

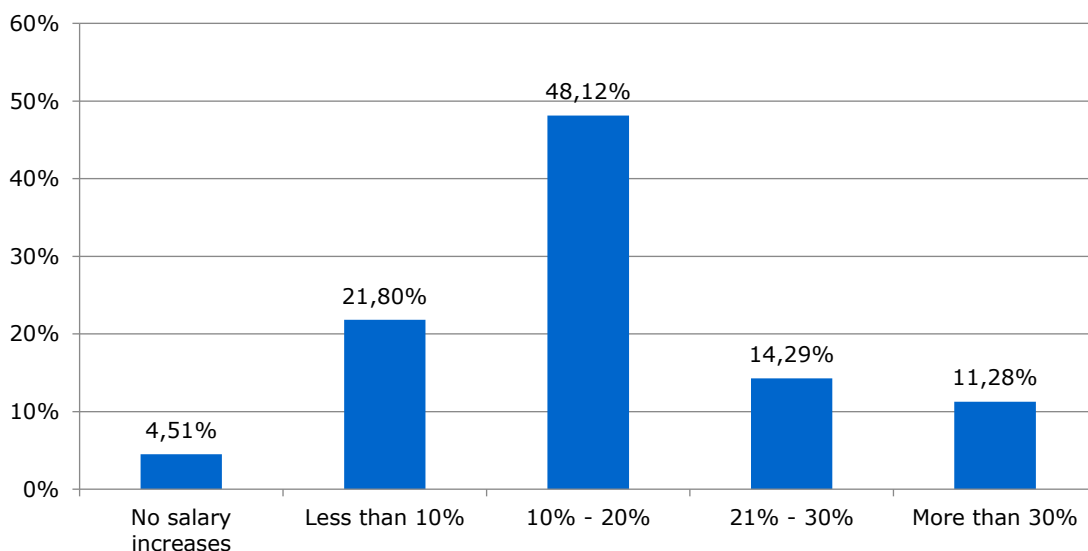
The majority of the participating AmCham member companies (62%) have aligned salaries with inflation growth over the last three years, while 38% of respondents faced challenges in this process.

Has your company managed to align salaries with the growth of inflation in the last three years?



The largest number of companies (48%) reported an average salary increase between 10% and 20%, while 22% of companies raised salaries by less than 10%, and 4.5% were unable to increase salaries over the past three years.

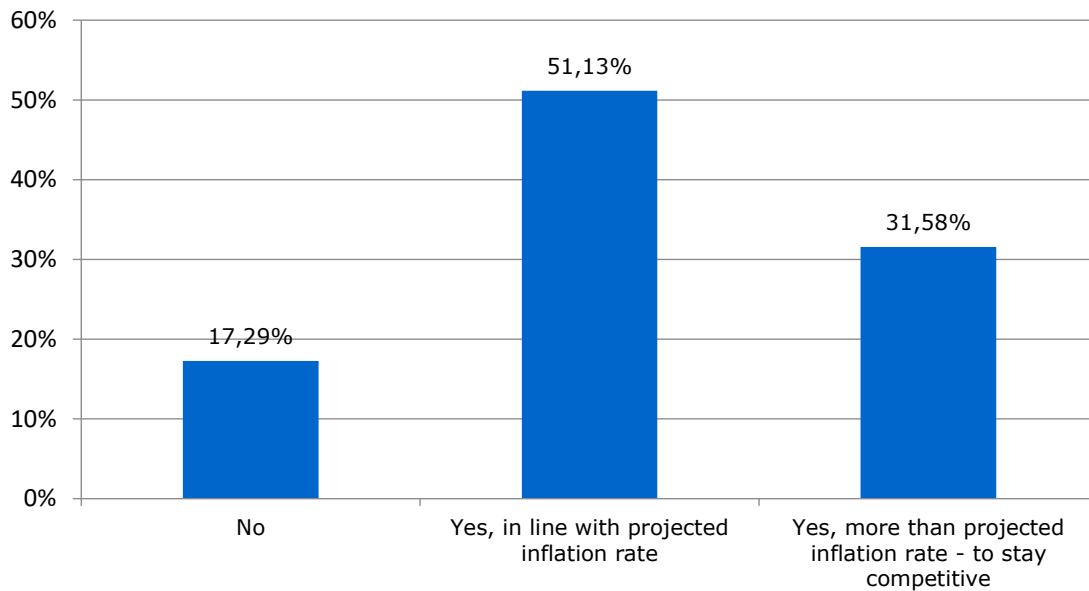
What was the average salary increase in your company in that period?





This year, more than 80% of respondents plan to increase salaries. While 51% of companies intend to follow the inflation rate, more than 30% have decided to increase salaries above the inflation rate in order to maintain competitiveness in the labor market and attract the best talent.

Do you intend to raise salaries in 2025?





Conclusion

The majority of surveyed companies performed better in 2024 than in the previous year. A slight decrease was also noted in the share of companies whose business worsened or remained the same as the previous year.

Slightly less than 50% of companies employed additional staff in the previous year, and their share has slightly increased. At the same time, there was a decrease in the number of companies that made layoffs, from 16% to 11%.

The overall experience of conducting business in Croatia was rated as good or very good by approximately 61% of respondents, while 61% noticed an improvement in business conditions over the past five years.

As in the previous year, the lack of an adequate workforce remains the top limiting factor for business, followed by labor taxation and inflation in equal measure.

The price of labor is the biggest deterioration in business conditions in the last five years, along with the availability and quality of the workforce, the enforcement of rights, the quality of the legal framework, and the judiciary.

More than 30% of respondents believe that business conditions in Croatia are among the most favorable in the Central and Eastern Europe region. The number of negative ratings has significantly decreased from 24% to 15% in 2024, while 53% of respondents assess business conditions as comparable to the rest of the region. Croatia's biggest disadvantages compared to other countries in the region are its small market size and slow administration, while the challenge related to the availability and quality of the workforce has risen from fourth to second place.

For the upcoming three-year period, around 78% of AmCham member companies plan to expand their business in Croatia.

In the next three years, 68% of companies plan new hires, with 19% intending to employ more than 20 new employees, which is a slight decrease compared to the previous survey. At the same time, the percentage of companies planning to reduce the number of employees has slightly increased to 8%, up from less than 4% last year.

Regarding salaries and inflation, as many as 95% of companies that participated in the survey have raised salaries in the last three years. The largest number of companies (48%) saw an average salary increase between 10% and 20%, while 22% raised salaries by less than 10%. Interestingly, 14% of companies reported a salary increase between 21% and 30%, and 11% achieved an increase of over 30%.

In 2025, more than 80% of respondents plan to increase salaries. While 51% of companies intend to follow the inflation rate, more than 30% have decided to increase salaries above the inflation rate in order to maintain competitiveness in the labor market and attract the best talent.



For additional information, please contact: American Chamber of Commerce in Croatia

Andrea Doko Jelušić | Executive Director

T: 01 4836 777 | E: andrea.doko@amcham.hr