

FREELANCER

Fostering future and current entrepreneurs' soft skills and self-employability through market adapted training

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Task 2 of Work Package 2:

Mapping and stock taking of Entrepreneurship challenges for aspiring freelancers

Country Snapshot Croatia

Developed by: University of Dubrovnik – Department of Economics and Business

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Introduction

The freelance and self-employment landscape in Croatia has been witnessing significant transformations. The report looks at various quantitative and qualitative indicators to provide a holistic overview of this evolving sector.

As of 2022, there has been an increase in employment in Croatia, with the number of self-employed workers increasing significantly in recent years. Despite the rising numbers, there is a gender imbalance in the distribution of the self-employed, with men predominating. Furthermore, while the freelance sector is growing, there is a lack of accurate data, although initial estimates suggest a modest but growing number of freelancers.

This analysis goes beyond the pure figures and examines which trends characterise the freelance market in Croatia. It shows a spectrum of earnings across different fields, with notable disparities that highlight both the opportunities and vulnerabilities of freelancing.

The document shows a stark contrast between the potential for high earnings in certain sectors and the financial insecurity faced by many people, particularly in the media sector. It paints a picture of a workforce struggling with a lack of basic employment rights, financial instability and a challenging environment for long-term planning.

The report also sheds light on the qualitative aspects of freelancing and self-employment, such as the skills gap and market demand for various professional services, ranging from creative writing to web development. Despite the vibrant demand in various sectors, the report identifies a significant gap in publicly funded educational programs for freelancers, a gap that has been partially bridged by private initiatives.

To summarise, while freelancing and self-employment in Croatia offer opportunities for professional autonomy and economic opportunities, they also present a landscape full of challenges. These range from legal and financial hurdles to systemic issues that affect long-term sustainability and growth.

This introduction lays the groundwork for a deeper exploration of these dynamics and aims to provide insights that could inform policy-making, support structures and individual career choices in the Croatian freelance and self-employment sector.

Quantitative indicators on freelancing and self-employment in Croatia

According to the Labor Force Survey, in 2022 there were 1.7 million employed persons in Croatia in 2022, an increase of 1.7 % compared to 2021. At the same time, the number of unemployed in the Republic of Croatia was 128 thousand, a decrease of 7.6% compared to 2021. The number of self-employed persons increased from 187 thousand in 2019 to 211 thousand in 2022, which corresponds to an increase of 12.8% in four years. Of all self-employed persons, almost 70% were men and only 30% were women.

The exact figures on freelancing are not known, but the Croatian Bureau of Statistics assumes that in September 2023 around 17825 people were working as freelancers, 36% of whom were women. In the same month, the number of employees (crafts and freelancers combined) increased in eight economic sectors – most significantly by 30.8 % (Mining and extraction).

The decline in the number of employees was recorded in ten economic sectors, ranging from 1.1 % (Agriculture, forestry and fishing) to 14.7 % (accommodation and food service activities). An analysis of Eurostat data on self-employment (Table 1) by age group shows that the proportion of self-employed persons is highest in the 25 to 49 age group and among persons with secondary education.

			Thousands	%
Total	15-64	All ISCED 2011 levels	195.8	100.00%
		Less than primary, primary	14.2	
		Upper secondary and post-secondary	130.3	
		Tertiary education (levels 5-8)	51.3	
	15-24	All ISCED 2011 levels	3.6	1.84%
		Less than primary, primary		
		Upper secondary and post-secondary		
		Tertiary education (levels 5-8)		
	25-49	All ISCED 2011 levels	122.7	62.67%
		Less than primary, primary	6.3	
		Upper secondary and post-secondary	79.1	
		Tertiary education (levels 5-8)	37.3	
	50-64	All ISCED 2011 levels	69.5	35.50%
		Less than primary, primary	7.9	
		Upper secondary and post-secondary	47.7	
		Tertiary education (levels 5-8)	13.8	

According to The Campster, the average hourly wage on the Croatian freelance market is around EUR 19.5/hour. However, this average hides a wide range of earning potential that varies greatly from industry to industry. For example, sectors such as IT, marketing and fashion pay much higher wages, which can reach up to EUR 60/hour, almost three times the median wage.

Despite the allure of higher earnings in certain fields, the findings of the Syndicate of Media Professionals reveal a sobering reality for freelancers in Croatia, particularly those in the media sector. A study conducted in 2022 found that only 53% of Croatian freelancers in the media sector have a higher educational qualification. Despite their qualifications, around 65% of them reported earning less than EUR 1000 per month, which is below the national average net salary.

- Furthermore, the study sheds light on the employment circumstances of these freelancers and shows that most of them are employed through various forms of service contracts, which are often the only way to secure employment.

This highlights a prevailing trend where freelancing is not necessarily a preferred career choice, but rather a pragmatic response to limited employment opportunities.

- Apart from the financial challenges, freelance media professionals in Croatia face a number of systemic obstacles that prevent them from leading a stable and fulfilling life.

Many complain about the lack of basic rights such as sick leave or maternity leave, which are essential for maintaining a semi-normal professional and private life. In addition, a significant proportion of respondents expressed concerns about their housing situation: 33% are unable to resolve housing issues, while 32% feel unable to plan to start a family due to financial insecurity.

- The precarious nature of freelance work also extends to long-term financial planning and security. It is alarming that over 70% of freelance media professionals in Croatia do not have access to credit, which limits their ability to invest in their future.

Furthermore, 65% of respondents doubt that they will be eligible for a full pension when the time comes, adding to concerns about financial stability and preparing for retirement.

- While the Croatian freelance market offers opportunities for higher earnings in certain sectors, the reality for many freelancers, particularly in the media and related fields, is characterised by financial insecurity, limited employment rights and uncertainty about long-term financial stability.

Addressing these systemic challenges is critical to promoting a more equitable and sustainable environment for freelancers in Croatia.

Qualitative indicators on freelancing and self-employment in Croatia: skills-gap and need assessments

According to the statistics of the local freelance service Freelance.hr, most vacancies and job seekers come from the fields of writing and translation, various types of design, social network management and PR, project management, programming and web development.

In addition, a distinction is made between the fields of marketing and project management, where freelancers must be responsible for strategic planning, monitoring multimedia campaigns and managing customer relations. In Croatia, there is still no systematic monitoring and no clear numerical indicators of the actual state of the self-employment market, which is mainly due to the relatively disorderly situation in the entire labour market.

The opportunities are wide and varied, and each type and sector has its own particularities. Today, self-employed people are most often active in the creative industries and work in this sector, among others:

- **creative writing**
- **copywriting**
- **graphic design**
- **web design**
- **translation**
- **computer programming**
- **journalism**
- **proofreading**
- **video production**
- **music**
- **multimedia**
- **consulting**
- **photo editing**
- **event planning**
- **project preparation**
- **text editing**
- **writing advertisements and slogans, etc.**

Kreativna.net, one of the websites for freelancers, offers numerous sources that can be used for job search if you are a freelancer in Croatia, including but not limited to Freelancer.hr, Freelancer.com, People per Hour or Upwork. The same source states that Croatian freelancers often state that they prefer to work for foreigners because of the different work culture, but also because of the better earning opportunities.

Opportunities: training available and operational tools

Publicly funded educational programs for freelancers are extremely rare in Croatia, so commercial initiatives have stepped into this gap. However, various organizations and online platforms provide support, resources and networking opportunities for freelancers in Croatia.

These include local chambers of commerce, professional associations and online communities. One such initiative is Campster, an online training platform that offers comprehensive training sessions divided into six modules. These sessions cover a wide range of topics, from basic concepts such as the nature of freelancing, earning potential and market entry strategies, to more nuanced discussions on managing client relationships, job acquisition strategies and financial management. Campster's program concludes with a final assessment for which participants receive a certificate. In addition to formal education, the Freelance.com.hr blog serves as a valuable resource hub for freelancers in Croatia.

The blog offers a wide range of content and addresses various aspects of freelancing, including tax guidelines, integration of AI tools into business operations, optimization techniques for LinkedIn profiles and website SEO, monetization strategies for platforms such as TikTok, insights into the job market and practical tips for improving business communication and work-life balance. In addition to the informational content, Freelance.com.hr also enables the publication of job listings and service advertisements, providing a holistic platform for both freelancers looking for opportunities and clients seeking services.

Another major player in the Croatian freelance ecosystem is Freelance.hr, which not only serves as a job-matching platform, but also offers a wealth of training resources tailored to the needs of freelancers. While the focus of Freelance.hr is on matching freelancers with potential clients, Freelance.hr also maintains a blog with valuable insights and advice for freelancers. From tips for newbie freelancers to advanced strategies for established professionals, Freelance.hr's educational offerings cater to freelancers at every stage of their journey.

Croatia has a vibrant community of freelancers and digital nomads, especially in cities like Zagreb, Split and Dubrovnik. There are numerous co-working spaces, events and meetups that provide opportunities for networking and collaboration. Croatia has introduced a Digital Nomad Visa, which allows foreign freelancers and remote workers to live in Croatia for up to one year with tax benefits. This initiative has made Croatia an attractive destination for digital nomads worldwide.

In essence, these commercial initiatives play an important role in meeting the educational needs of freelancers in Croatia by providing a mix of structured training programs, informative content and practical resources to support their professional development and success in the freelance arena. While the lack of publicly funded initiatives remains a challenge, these commercial efforts serve as invaluable pillars for empowering freelancers and fostering a thriving freelance community in Croatia.

Challenges

Freelancing offers many advantages, such as greater freedom in managing time between work and leisure, the ability to focus on activities in which you are particularly good, the right to work remotely or from home and to be your own boss.

While freelancing in Croatia offers many opportunities, it also comes with challenges, such as finding a permanent job, dealing with administrative tasks and navigating the complex tax system. Health insurance and social security contributions can also be a significant cost factor for freelancers.

Croatia has a clear legal framework for freelancers, who are typically registered as independent professionals ("obrt" for crafts and trades or "slobodna profesija" for free professions) or through a company. This status affects their tax obligations, health insurance and pension contributions. It is important for freelancers in Croatia to be properly registered in order to comply with local laws.

At the same time, this type of work in Croatia is hindered by many challenges, such as an insufficiently developed legal framework, uncertainty in finding new jobs and an unclear separation between work and private life. The Croatian legal framework does not facilitate freelancing in many ways, so many people doing this type of work are often pushed into the grey area (Kreativna.net).

Freelancers in Croatia are subject to income tax and must pay health insurance and pension contributions. The exact amount of contributions depends on their earnings and the legal form in which they work. There are progressive tax rates and freelancers can deduct certain expenses to reduce their taxable income.

Most freelancers in Croatia carry out their activities within the framework of individual crafts which are operated on a lump-sum basis, as this business model is the most profitable for them. There are different types of trainings that provide guidance on how to set up this type of business.

For example, ZICER Plavi ured, the educational centre of the Zagreb Innovation Centre, offers workshops and seminars on how to register an individual craft and how it is treated for tax purposes. This is important, as many freelancers do not know about the Croatian tax system and often end up paying very high taxes and duties.

Conclusions

In conclusion, the study of the freelance and self-employment landscape in Croatia reveals a dynamic but also challenging environment. This report highlights the increasing importance of freelancing as an important part of the Croatian labour market and the opportunities and hurdles that freelancers have to overcome on their professional path.

Lessons Learned:

- **Growth and Potential:** The freelance sector in Croatia is growing and offers diverse opportunities in various fields such as IT, marketing, design and more. This growth is indicative of a shift towards more flexible working arrangements and the potential for economic expansion and innovation in the Croatian market.
- **Economic Disparities:** Despite the opportunities, there is a large economic disparity among freelancers, with earnings varying considerably depending on the sector. This situation highlights the need for freelancers to move strategically in the marketplace to maximize their earning potential.
- **Systemic Challenges:** Freelancers in Croatia face numerous systemic challenges, including a lack of basic employment rights, financial insecurity and barriers to long-term planning. These challenges highlight the need for structural reforms to create a more supportive framework for freelancers.
- **Educational Gaps and Opportunities:** The lack of publicly funded educational programs for freelancers has been partially mitigated by private initiatives that provide valuable training and resources. However, there remains a significant gap in systematic support for the professional development of freelancers.

Recommendations:

- **Policy Reform:** Implement policy reforms to grant freelancers the same basic rights and protections as traditional employees. This includes access to healthcare, financial services and social security benefits.
- **Support Structures:** Develop publicly funded educational and training programs tailored to freelancers to close existing knowledge and skills gaps and thus improve their competitiveness and earning potential.
- **Market Transparency:** Encourage greater transparency and data collection on freelancing in Croatia to better understand the needs of freelancers and facilitate informed decision-making by stakeholders.
- **Promote Fair Practices:** Advocate for fair compensation practices across industries to ensure that freelancers receive fair compensation for their work, thereby reducing income disparities within the freelance community.
- **Networking and Collaboration:** Foster the creation of networking platforms and collaborative spaces for freelancers to share experiences, resources and opportunities to strengthen the freelance community.

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