Chapter 5
Croatia: Trade unions able to retain influence despite loss of resources
Dragan Bagić and Jelena Ostojić

It is well known from the extensive literature that during the transition process trade unions in most former socialist states failed to impose themselves as strong actors in industrial relations and ensure themselves a voice in shaping the political economies of these states (Crowley and Ost 2001). Within the framework of this predominantly negative image of trade unions in Central and Eastern Europe (CEE), only a few cases stand out, such as Slovenia and Poland. There has been relatively little evaluation of Croatian trade unions’ success in this area in the international literature and the Croatian union movement is rarely mentioned as an exception to the dominant pattern of weak trade unions in the region. In this chapter, we sketch some arguments for a more optimistic view of the trade union movement in Croatia.

In the transition from socialism to capitalism, Croatian unions managed to maintain a relatively high level of union density, keeping it above the European weighted average and well above the average for other former socialist states (Vandaele 2019). This was despite strong deindustrialization and changes in employment towards tertiarization and smaller enterprises. The trend in union density in Croatia was still negative, but the unions managed to maintain a stable level of membership and union density for prolonged periods (Table 5.1; see also Figure 5.1).
When it comes to the most important trade union activity, collective bargaining, Croatia again stands out from most other CEE countries in terms of collective bargaining coverage, matching the European average and well above the average of former socialist states (Vandaele 2019). As we described in our earlier work (Bagić 2019), at the onset of the transition process Croatian trade unions managed to establish a highly centralized and coordinated collective bargaining system, which guaranteed a very high level of coverage. In the mid-1990s, however, they lost the battle and allowed the single centralized system to fall apart and fragment into several different sub-systems.

Although the Croatian trade union movement is highly fragmented at all levels, and there is a high level of competition between the relevant actors, the most important divisions among trade unions have been overcome and there are no major or long-lasting conflicts. Furthermore, cooperation and coordinated action are on the increase. This latter development has also resulted in the renewal of the unions’ societal power, which they utilize successfully to prevent the imposition of policies detrimental to workers. For the time being, this power is mostly defensive, used to block further deterioration of workers’ rights. Unions have failed, for now, to shift the balance in the political economy in favour of workers.

### Table 5.1 Principal characteristics of trade unionism in Croatia

<table>
<thead>
<tr>
<th></th>
<th>1999</th>
<th>2008</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total trade union membership</td>
<td>502,000</td>
<td>485,800</td>
<td>330,000</td>
</tr>
<tr>
<td>Women as a proportion of total membership</td>
<td>n.a.</td>
<td>47 %</td>
<td>49 %</td>
</tr>
<tr>
<td>Gross union density</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Net union density</td>
<td>41.8 %</td>
<td>34.7 %</td>
<td>22.6 %</td>
</tr>
<tr>
<td>Number of confederations</td>
<td>5</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Number of affiliated unions (federations)</td>
<td>180</td>
<td>180</td>
<td>109</td>
</tr>
<tr>
<td>Number of independent unions</td>
<td>320</td>
<td>320</td>
<td>390</td>
</tr>
<tr>
<td>Collective bargaining coverage</td>
<td>70 %</td>
<td>68 %</td>
<td>53 %</td>
</tr>
<tr>
<td>Principal level of collective bargaining</td>
<td>Mixed; industry and company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Days not worked due to industrial action per 1,000 workers</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

and such optimistic scenarios are not foreseeable at the moment. The state of affairs presented in this chapter, however, does not make such expectations entirely illusory.

**Historical background and principal features of the industrial relations system**

At the beginning of transition process in the 1990s the formation of an entirely new industrial relations system began, with very little from the previous period to rely on, other than the trade unions themselves. In Croatia, as in most other socialist countries, trade unions did not play their original role in representing workers’ interests during the socialist period. Instead, their task was primarily to provide social services to workers through enterprises. Socialist unions entered the new system with a large membership and a significant number of union professionals, as well as certain assets. The socialist trade unions had begun to prepare for change, and when it came, they seemed ready for it, at least when it came to retaining membership but also to retaining a dominant position, despite the fact that new independent unions were established before the formal change of system and the galloping fragmentation of the union movement in its wake.

Industrial relations formation in the early years was marked primarily by the peculiarities of the transition. Economic transformation had a secondary role compared with other aspects. The transition in Croatia is marked primarily by the struggle for independence and secession from Yugoslavia. Therefore, in the first years of the transition, the new elites focused primarily on achieving political independence and waging war, and after that on rebuilding war-affected parts of the country. Economic reforms and transformation made it onto the agenda only in the mid-1990s, when other processes were almost completed or running in the background of major processes. For that reason, Croatia’s transition in earlier years is not marked by economic ‘shock doctrine’, as was the case in some other CEE countries, nor by a negative attitude on the part of the new political elite towards trade unions, except perhaps some scepticism about the reformed socialist trade unions. This allowed unions to impose themselves as a relevant social actor from the beginning. In the early years of transition, this made it possible to establish a system of industrial relations resembling ‘informal corporatism’ (for further details see Bagić 2019). Nevertheless, in the second half of the 1990s this industrial
relations system rapidly disintegrated, losing all essential features of a corporatist system. This disintegration occurred primarily because political elites no longer had an interest in maintaining social peace in wartime and institutions were neither stable nor formalized. When the industrial relations institutions became formalized, in the mid-1990s, the system lost its clear structure and was gradually transformed by the end of that decade.

The subsequently established system is characterized by heterogeneous patterns and processes. In the public sector, the established industrial relations system had strong trade unions with great influence, both on workers’ direct rights and on the way the system itself was structured and governed. In the private sector, patterns were established depending on whether a particular activity was dominated by large enterprises left over from the socialist period or by a ‘new economy’, established after the transition. In the former, unions retained a certain influence over workers’ rights through collective bargaining, while the latter is dominated by the individualization of labour relations, without collective workers’ action towards employers. Working conditions and the level of rights protection maintain the aforementioned hierarchy. This means that public sector employees enjoy relatively the best working conditions and the highest level of rights protection, followed by employees in industries with a traditional union presence and in larger companies. The worst and most diverse working conditions, conversely, are found in the rest of the private sector. In this labour market segment, violations of basic workers’ rights, as provided for in the Labour Act and other regulations, are frequent.

**Structure of trade unions and union democracy**

The Croatian trade union movement is extremely fragmented at all levels. According to the latest available data, there are about 640 registered trade unions. This number of officially registered unions is increasing (compare Bagić 2010).\(^1\) Despite the high number of registered trade unions, the estimated number of active unions is around 250, of which 109 are members of the three representative trade union confederations

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\(^1\) Keep in mind that Croatia has about four million inhabitants and about 1.3 million employed.
The majority of registered individual trade unions are company unions, which organize all workers within a company regardless of occupation. Most of the membership, however, belongs to a small number of industrial unions. The trade union structure as regards type and level of organization differs significantly depending on the type of activity and ownership sector. While the public sector in the narrow sense (public services and public administration) is dominated by industrial unions, public enterprises (owned by the central state or local self-governments) are dominated by company unions or quasi-industrial unions. Their membership comes from a number of different employers within the same sector, but they originated from an in-house trade union during the restructuring of large systems, when an enterprise was divided into several legal entities and/or, partially privatized. The private sector, in turn, is marked by a combination of industrial and company unions. In some industries company trade unions have greater influence and in others – such as construction, tourism, trade, food processing and the metal industry – the industrial ones have more influence.

Unionism at the peak level, however, has been marked by a trend towards centralization over the past two decades, as a result of the falling number of representative confederations. The new act on representativeness raised the bar for union confederation representativeness, resulting in a loss of status by the Union of Croatian Trade Unions (URSH, Udruga radničkih Sindikata Hrvatske) in 2013, and in the Croatian Trade Union Association (HURS, Hrvatska udruga radničkih sindikata) in 2017.

The three trade union confederations that have maintained representativeness at the national level to the present day have been operating since the beginning of the transition. They represented a total of about 252,000 members of 109 affiliated unions at the end of 2017.²

² The term ‘representativeness of trade union confederations’ refers to representation in the national tripartite body, the Economic and Social Council, in operation since 1993. There were no clear criteria for determining representativeness to begin with, so all union confederations participated in a tripartite dialogue. As relations between them were bad and differences between their respective memberships were large, in the second half of the 1990s a conflict arose among the confederations over the representativeness criteria. This blocked the work of the tripartite body and so legal regulation was essential. The problem was resolved by adopting a special act on determining union representativeness. The new act, adopted in 2012 (with minor amendments in 2014), imposed somewhat stricter criteria, which led to a reduction in the number of representative confederations to the current three.
The oldest trade union confederation is the Union of Autonomous Trade Unions of Croatia (SSSH, Savez samostalnih sindikata Hrvatske), founded jointly in May 1990 by the reformed unions operating in the former socialist system and the new, independent unions, founded already in 1989, before the socialist system was formally abandoned (Kokanović 2001: 148). Because the first union confederation was founded jointly by the former socialist trade unions and the newly established ones, there was hope that a monolithic union movement would be established, avoiding fragmentation. This would certainly have strengthened workers’ collective voice during the transition. The ‘old’ and the ‘new’ trade unions could not agree on the degree of centralization of the new union confederation at the founding congress, however, and the new unions soon left SSSH and founded new union confederations (Bagić 2010). At first, SSSH consisted mainly of reformed old socialist unions, organized by industries and represented in their branches in large enterprises in various industrial activities. Most of these unions still form the basic structure of SSSH. In the meantime, several newly established trade unions have joined the confederation, as well as unions whose foundation was instigated by the confederation itself to increase its representation in some industries or to encourage certain groups of workers to organize themselves. In 2021, 25 trade unions were SSSH affiliates. The main notable feature of this confederation is that the share of public sector employees in its total membership is smaller than in the other two confederations. Although SSSH was the dominant trade union confederation in terms of number of members during the 1990s, having more than half of the membership of all representative confederations, now it has almost the same number of members as the Independent Trade Unions of Croatia (NHS, Nezavisni hrvatski sindikati) (see Table 5.2).

The NHS is the largest trade union confederation, bringing together 58 unions in public enterprises, public administration and public services. Although the bulk of union membership is made up of public sector employees, a smaller proportion of affiliated unions also bring together private sector employees. Most affiliates are company unions, which means that this confederation has the lowest average number of members per affiliated union. NHS was formally established at the end of 1999, but it was building on the work of two previous confederations
established in the early 1990s, which merged to establish the new confederation.³

The third representative trade union confederation is the Association of Croatian Trade Unions (Matica, \textit{Matica hrvatskih sindikata}). Matica was created primarily as a confederation that brings together trade unions from education and other public services, such as health care, culture and social security. In the meantime, it has expanded its profile and today also brings together 26 trade unions from the private sector and public enterprises. About three-quarters of its membership comes from three trade unions from the education sector, representing workers in primary education, secondary education and science and higher education. This still gives this confederation a recognizable identity.

In all three confederations the affiliated unions have significant autonomy and confederations cannot interfere in how they represent their members (see Bagić 2010). The union leaders define the confederations’ policies and they elect the leadership, with no direct influence of the rank-and-file members. The membership also has limited influence on the management of individual unions, because the leadership is elected by shop stewards and not individual members. In general, therefore, Croatian unions can be described as top-down organizations.

\textbf{Table 5.2} Basic information about the three representative confederations

<table>
<thead>
<tr>
<th>Year</th>
<th>SSSH</th>
<th>NHS</th>
<th>Matica</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>20</td>
<td>59</td>
<td>10</td>
</tr>
<tr>
<td>2017</td>
<td>25</td>
<td>58</td>
<td>26</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>SSSH</th>
<th>NHS</th>
<th>Matica</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>99,682</td>
<td>116,837</td>
<td>61,411</td>
</tr>
<tr>
<td>2017</td>
<td>94,622</td>
<td>96,870</td>
<td>60,648</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Membership domain</th>
<th>Predominantly representing unions from the private sector</th>
<th>Representing unions from different sectors, with a significant share of unions of public companies</th>
<th>Predominantly representing unions from public services</th>
</tr>
</thead>
</table>

Source: Official documents on representativeness of confederations.

³ These were the Confederation of Independent Trade Unions of Croatia (\textit{Konfederacija nezavisnih sindikata Hrvatske}) and the Coordination of the Croatian Trade Unions of Public Servants and Employees (\textit{Koordinacija hrvatskih sindikata javnih služenika i namještenika}).
Relations among the union confederations have evolved significantly over the past 30 years, as have their lines of division. At the very beginning, the main line of division was between the old, reformed unions and the new unions with no heritage from the socialist system. Furthermore, the new unions developed their own divisions between those representing public services and public administration, and those representing public enterprises. At the beginning of the transition certain political divisions emerged as well, which were partly ‘sponsored’ by the ruling centre-right party at the time, the Croatian Democratic Union (*Hrvatska demokratska zajednica*). SSSH and its affiliated unions, as the confederation of the majority of unionized workers, organized a series of strikes and protests related to wage harmonization (as a result of high inflation) already in the early 1990s. The authorities’ reactions were very negative and hostile, and SSSH and its affiliates were labelled remnants of the ‘former system’ who were working against the interests of the newly established independent state. Consequently, authorities encouraged the establishment of new confederations and unions, which contributed to fragmentation and mistrust among the union confederations and their leaders (see Bagić 2010).

In the second half of the 1990s, a new line of division emerged on the issue of trade union cooperation with political parties. While some confederations, such as Matica and SSSH, showed a readiness to establish partnerships with individual political parties as a necessary mechanism for implementing union goals, other confederations, led by NHS, opposed this and insisted that unions should remain politically neutral. In the late 1990s, Matica and SSSH established close relations with opposition parties, mainly parties of the centre and centre-left, while NHS maintained neutrality. This line of division slowly disappeared about ten years ago, when all confederations gradually distanced themselves from all political parties.

With the arrival of the global financial crisis of 2008–2009, there was a brief division between unions and confederations on the issue of austerity policies. Union confederations that predominantly represented private sector workers supported austerity policies and public sector reforms, while trade unions which predominantly represented public sector employees opposed such policies. This division also disappeared relatively quickly, as all confederations gradually adopted a predominantly negative attitude towards austerity policies, but also towards liberalization of labour relations in the private sector. Since then, rapprochement has been on the rise among trade union confederations and the
establishment of better cooperation. For the past five years cooperation among confederations has been at its highest level since 1990.

The positive trend of cooperation among confederations and the weakening of the divisions that resulted in fragmentation have created the preconditions for fostering mutual association at the level of union confederations. Thus, two union confederations that lost their representative status initiated merger proceedings with other confederations. If these processes are accomplished successfully, we can expect that representative confederations will again represent a huge majority of union members and that the number of independent unions will decrease.

**Unionization**

At the end of 2018, net union density in Croatia was 22.6 per cent,\(^4\) which means that Croatian trade unions had about 330,000 members in total.\(^5\) As shown in Figure 5.1, there has been a significant decline in union density in the past ten years, especially from 2009 to 2014. In 2009, union density was estimated at about 35 per cent, while five years later it had declined by about one-quarter or 9 percentage points. After this sharp decline, the like of which had not been recorded since the early 1990s, the negative trend halted or slowed down significantly between 2014 and 2018.\(^6\)

In the socialist period, union membership was not mandatory in Croatia (and the rest of the former Yugoslavia), but membership was usually automatic upon employment and the worker could withdraw from membership on request. About 90 per cent of employees are estimated to have been union members before the beginning of the transition

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\(^4\) The source of membership data is an unpublished survey conducted by Dragan Bagić, co-author of this chapter. The survey was conducted in November and December 2018 on a nationally representative sample of 2,000 respondents over 15 years of age. Data was collected by the Ipsos agency as part of its omnibus survey. When sampling error is taken into account, estimated actual union density ranges from 19.6 to 25.6 per cent.

\(^5\) The number refers only to members who are dependently employed. The number of members was calculated based on an estimate of 1.45 million dependently employed persons in 2018 (CBS 2019). Taking into account sampling error, the actual number of trade union members at the end of 2018 was between 285,000 and 372,000.

\(^6\) Taking into account sampling errors, the change in union density from 2014 to 2018 is not statistically significant: \(\chi^2 = 1.747; \text{df} = 1; p = 0.186.\)
Bagić and Ostojić (Kokanović 1999; 2001). After the start of the transition, all previous union members had to re-join, and re-enrolment was also implemented by reformed socialist trade unions. This led to a drop in union density but not a drastic one, of the kind seen in other post-socialist countries. This can be considered the first important success. During the 1990s, however, union density declined rapidly, falling to about 42 per cent by the end of the period. This is largely attributable to the effects of the restructuring and privatization of enterprises and industries that formed the basis of the socialist economy and to the transition of the labour force to the ‘new economy’, particularly newly established private companies, mainly small and medium enterprises (SMEs). Union density remained stable in the next decade, which may be considered the second significant success of Croatian trade unions, given that negative trends in union density continued in Europe. Unions clearly failed to attract as members new workers who replaced those who retired. From 2009 to 2014, for example, the average age of union members increased from 43.8 to 46.8. An optimistic sign in this regard, however, is the fact that the average age of union members has not fallen between 2014 (46.8 years) and 2018 (45.1 years).

Figure 5.1 Union density in Croatia, 1990–2018


\[ t = -3.752; \text{df} = 386; \ p < 0.01 \]

\[ t = 1.443; \text{df} = 334; \ p = 0.150. \]
As Table 5.3 illustrates, there are significant differences in union density with regard to type and size of employer, and industry. When it comes to type of employer, the highest union density is found in public institutions in education, health and social care, followed by public enterprises, owned by the central government or cities and municipalities. In state administrative bodies or units of local/regional self-government, union density is around 39 per cent. In private enterprises, which make up the majority of employees, union density is only about 10 per cent. Among private enterprises, key differences exist with regard to the number of employees. In micro enterprises (up to ten employees), there is virtually no union membership; in small enterprises (ten to ninety-nine employees) one in ten workers is a union member and union density grows significantly as size of establishment increases. Private enterprises in financial services and insurance (29 per cent), manufacturing (15 per cent), and construction and utilities (15 per cent) have above-average union density. Industries comprising a significant number of employees, such as retail and hospitality and tourism, have union density below average for the private sector (8 and 5 per cent, respectively).

Table 5.3 Union density by type of employer and enterprise size in private sector, 2018

<table>
<thead>
<tr>
<th>Employer Type</th>
<th>Union density (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All employees</td>
<td>22.6</td>
</tr>
<tr>
<td>Public institutions (schools, hospitals, social care and so on)</td>
<td>55.7</td>
</tr>
<tr>
<td>Public enterprises</td>
<td>45.3</td>
</tr>
<tr>
<td>State/local/regional administrative bodies</td>
<td>38.7</td>
</tr>
<tr>
<td>Private enterprises total</td>
<td>10.3</td>
</tr>
<tr>
<td>&lt;10 employees</td>
<td>0.0</td>
</tr>
<tr>
<td>10–99 employees</td>
<td>10.4</td>
</tr>
<tr>
<td>100–249 employees</td>
<td>17.1</td>
</tr>
<tr>
<td>&gt;250 employees</td>
<td>23.9</td>
</tr>
<tr>
<td>Other*</td>
<td>3.8</td>
</tr>
</tbody>
</table>

Note: * NGOs, international organizations, individual employees and so on.

Source: Authors’ survey.

With regard to workers’ personal characteristics, there is no significant difference in union density between men (22 per cent) and women (23 per cent). There are substantial differences in terms of workers’ age,
however: among those under 30, union density is only about 11 per cent, while among the oldest age group it is three times that. These data clearly show that Croatian unions have not been successful in recruiting new workers and still rely predominantly on cohorts that joined unions at the very beginning of the transition.

**Table 5.4** Union density by employee characteristics, 2018

<table>
<thead>
<tr>
<th>All employees</th>
<th>Union density (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>22.6</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>22.3</td>
</tr>
<tr>
<td>Female</td>
<td>23.0</td>
</tr>
<tr>
<td>Age group</td>
<td></td>
</tr>
<tr>
<td>&lt;30</td>
<td>10.6</td>
</tr>
<tr>
<td>30–49</td>
<td>21.3</td>
</tr>
<tr>
<td>50&gt;</td>
<td>36.7</td>
</tr>
<tr>
<td>Education level</td>
<td></td>
</tr>
<tr>
<td>Primary</td>
<td>32.8</td>
</tr>
<tr>
<td>Secondary</td>
<td>18.9</td>
</tr>
<tr>
<td>Tertiary</td>
<td>27.9</td>
</tr>
</tbody>
</table>

Source: Authors’ survey.

With regard to labour market status, data show that workers who are not at the core of the labour market but at its margins are significantly less involved in trade unions. Thus, survey data from 2018 show that only 5.5 per cent of employees with a fixed-term employment contract were union members, while the same percentage is almost five times higher among those with a permanent employment contract.

**Union resources and expenditure**

Union finances are based largely on membership fees, which generally range around 1 per cent (gross or net) of union members’ wages. As a rule, membership fees are the main and, for some trade unions, the only source of funding. Less important sources of revenue are financial assets and real estate, but also project activities that have been taking place through the European Social Fund for the past six years, since Croatia’s accession to the European Union (EU) in 2013. Such project activities allow unions to implement or expand their activities, as well as, in some cases, to temporarily increase the number of employees through project employment.
Although the operational logic of confederations differs somewhat from that of individual unions, income structures largely coincide: confederations are funded predominantly from the membership fees of affiliated trade unions. Depending on the confederation, they are the sole or the predominant source of its income. Confederations are particularly interested in having large trade unions as affiliates and are inclined to adjust membership fees for that purpose. At a rough estimate, affiliates pay confederations fees of up to 20 per cent of their own membership fees. Such income provides the income base for confederations, and their entire organizational structure, in terms of number of employees, overhead and main activities, is governed by it. A confederation’s financial sustainability depends on this. Project activities and their potential employment boost are supplementary to this.

As already mentioned, trade unions were one of the target beneficiaries of the European Social Fund. During the implementation of related schemes, unions often participated in cooperation with non-governmental organizations (NGOs), educational institutions and research institutes. Project financing involves temporary, strictly earmarked funds, limited to project implementation. Although from the accounting perspective they represent a source of union income, they cannot be used to cope with infrastructure issues or cover overheads. This ultimately means that such funds cannot be used to cover the reduction in union and confederations’ income caused by a decline in membership. While some trade unions rely on project income to a larger extent, they represent a much smaller share in total income than membership fees. Unions’ loss of income because of falling membership has been particularly pronounced in the past three years, although overall, falling income is a longer-term process.

Turning to reasons why unions are harder hit in some industries than in others, one might mention layoffs due to the restructuring of some of the largest companies (prominently in the road-building sector), closure of factories and production (metal and textile industries), and pronounced emigration of labour from Croatia to other European countries. Some trade unions, however, such as those in the telecommunications industry, have seen a rise in income as a result of rising membership in 2020 compared with three years earlier.

Declining membership in affiliated unions has affected confederations in various ways. Where a confederation’s sole source of income comprises fees from affiliates, income decline has been linear. Confederations may
also provide affiliates with other services, however, in which case the latter’s contributions may be subject to negotiations.

The structure of union expenditures primarily comprises their employees’ wages and overhead costs, and for some trade unions also office rental. In addition to these basic expenses – which may also include shop stewards’ fees (for extra work not covered by their wages), solidarity assistance to trade union members (Christmas or Easter bonus, Christmas presents for members’ children, support for new-born babies, support for long term sick leave) – we must also mention membership fees for higher-level associations. This includes fees for membership of national confederations, as well as international union organizations. Trade unions also partially cover training costs for union representatives and works councils, although in some collective agreements, the bulk of training costs are borne by the employer.

The number of permanent staff in trade unions is falling, mainly because of declining income. Often, new people are not hired as jobs fall vacant following a retirement or employment termination by mutual agreement. There are no significant fluctuations in the number of full-time employees, but temporary employment has increased through project work. In the absence of their own infrastructure, trade unions often outsource part of their services, such as accounting or legal services, as well as some activities contracted on a project basis.

### Collective bargaining and unions at the workplace

In general, trade union activities and interests are largely at the company level, except for unions in public services and public administration, where they are primarily at the national level, which corresponds to the level of collective bargaining. Even for industry trade unions that conduct collective bargaining at that level, most activities are organized by company-level branches and most resources, such as membership fees, are at the company level. Outside public services and public administration, both trade unions that bargain collectively at the company level and those that bargain only at the industrial level carry out activities at the company level. This includes monitoring the implementation of collective agreements and laws, and mediating in individual complaints and problems, which may include representing workers in labour disputes.

Croatia has a dual system of employee interest representation. Unions have a monopoly on collective bargaining and strike action, while works
councils have a monopoly on the right to information, consultation and codetermination. Given that most unions outside the public sector have a strong presence at the company level, in practice unions often control works councils. In many cases, unions exercise an option made available by the Labour Code to substitute for the works council without elections. There have also been rare cases in which unions were pushed out by employers using works councils for workers' interest representation.

According to the latest available data from 2014, collective bargaining coverage in Croatia is around 53 per cent, a decrease of around 10 percentage points in comparison with 2009 (Bagić 2016). In general, the level of collective bargaining coverage has been stable for a relatively long period, without a clear negative trend or a trend towards decentralization, which is already high. The decrease of bargaining coverage in the past decade is mainly the consequence of two factors: the decrease in the share of unionized industries in the total labour force and the abolition of the industry-level agreement for retail (Bagić 2019).

Although collective agreements regulate working conditions for most workers, wage setting itself is not prominent in collective bargaining. In many cases, wages are not negotiated in detail for the main job positions; sometimes (around 15 per cent of cases), even the minimum wage is not negotiated. The majority of collective agreements are signed for a period longer than two years, and a significant proportion of agreements with relatively long validity do not have mechanisms for wage adjustments for inflation and the cost of living. It is not uncommon for employers to increase wages unilaterally, even when there is a collective agreement. Exceptions are collective bargaining in public services and public administration and some private companies, where wages are agreed annually or biennially. As there is no uniform system of collective bargaining (see details in Bagić 2019), there is no formal or informal mechanism of wage coordination.

Trade unions have been unsuccessful in controlling wage levels, especially during the 1990s, when wage increases were very rare and employees' purchasing power decreased constantly, especially for those on low wages. Unions, therefore, lobbied for the introduction of minimum wage regulations. The minimum wage was introduced in 1998 with the Collective Agreement on the Level of the Minimum Wage, which applied to all employers in the Republic of Croatia. Until 2003, the Ministry of Finance de facto set the minimum wage independently, whereas subsequently the minimum wage was set at 35 per cent of the average gross wage in eight months of the previous year. The minimum wage system was changed in 2008 with the adoption of the Minimum Wage Act,
which has been amended several times since then (Nesić and Blaževi Burić 2018). The current minimum wage system entitles the government to set the minimum wage on an annual basis after consulting the social partners. For 2021, the net minimum wage is set at around 450 euros a month, which is about 49 per cent of the average net wage.

In addition to interest representation, a significant trade union activity in the workplace is the provision of financial assistance to members. In addition, unions organize various leisure activities for their members at the workplace, such as joint trips, annual sports meetings and cultural events, especially for members’ children at Christmas.

**Industrial conflict**

Data on strikes and other forms of industrial conflict in Croatia are not easily accessible, and the literature on them is sporadic and rare. Figure 5.2 shows the number of strikes and strike participants over the past three decades by bringing together two data sources: the Workers’ Struggle Archives and the work of Dolenec et al. (2020).

**Figure 5.2** Overview of number of strikes and strike participants, 1990–2017

Note: There is an interruption in the data series in 2000.

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http://arhiv-radnickih-borbi.org/
Croatia entered the 1990s after a wave of strikes caused by the reforms implemented there, in common with other Yugoslav republics under pressure from international financial institutions and creditors. These reforms resulted in wage cuts or stagnation, while prices continued to increased (Grdešić 2007). After Croatia declared independence in 1991, workers’ strikes and revolts went on until the beginning of the armed conflict. In response to the latter the trade unions concluded an agreement on cooperation and action during a state of war or imminent threat to the independence and unity of the Republic of Croatia. Under this, in cooperation with the government, they suspended their activities and committed themselves to social peace during the war. The agreement was terminated by a general strike organized by union confederations and several individual trade unions on 12 March 1993. In addition to large membership mobilizations through general strikes organized by union confederations, a large number of strikes took place in the 1990s at lower levels as well. The Archive of Workers’ Struggles has evidence of over 700 strikes and over 500 other industrial conflicts in this period, but the real numbers are likely to be much higher. At that time, strikes were most often initiated because of unpaid wages and to keep companies and their production going. Data on the frequency of strikes and the number of strike participants (Figure 5.2) clearly show that workers were actively responding to unfolding processes: they opposed privatization and deindustrialization because of their negative experiences, and protested over job losses and rising unemployment.

Work stoppages were often a response to privatization and the installation of new management boards and heads of companies whose interests often did not include maintaining production and preserving jobs. Strike action sometimes proved counterproductive as a means of workers’ resistance, however. Therefore, workers resorted to new methods that allowed production to continue, and jobs to be preserved. Perhaps the most prominent new approach were the so-called ‘headquarters for the defence of companies’. The first headquarters appeared in 1998 in Kutina at the Petrokemija factory as a form of in-company struggle that overcame trade union divisions and included all workers’ organizations in a joint fight against privatization. The aim was to retain majority state

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10 ‘Headquarters for the defence of companies’ are a special form of industrial conflict in Croatia which, among other things, meant workers’ taking control of the company.
ownership in the company. This became the dominant pattern of industrial conflict in the subsequent period (Grdešić 2007; Ivandić and Livada 2014; Lončar 2013).

Croatia entered its second decade of independence with large workers’ strikes similar to those that had marked the end of the previous decade (Figure 5.2). The year 2000 is one of the turning points in post-independence Croatian history because the centre-right government was replaced by a social democratic one, with which union confederations had signed a social agreement just before the elections.

Numerous strikes marked the first year of the second decade of independence; as many as sixty-two were recorded in 2000. Since then, the annual number of strikes has been significantly lower. Although there were thirty-four strikes in 2001 and thirty in 2003, the largest number of strike participants was recorded in 2006, when over 80,000 workers took part in a three-day strike of civil servants (Dolenec et al. 2020). The most frequent strike activity, recorded in the early 2000s, does not coincide with the largest mobilization of people for strike action.

The global financial crisis, which hit Croatia in 2008 and lasted until 2014, had extremely negative consequences for the economy, employment and the quality of work. The unemployment rate reached 17.4 per cent in 2013, and the number of job losses compared with the last pre-crisis year amounted to 231,000 (Matković and Ostojić 2019). These trends were accompanied by intensified strike activities in particular in the public sector such as primary and secondary schools, faculties, scientific institutions and health care.

Industrial conflict over the past 30 years has been characterized by the following key trends. The first years after Croatian independence, the 1990s, were marked by numerous strikes and other industrial conflicts. Mass participation in strikes came as the result of trade union confederations organizing general strikes, which have not occurred subsequently. Throughout the period 2000–2017, with the exception of the first few years, the number of strikes was significantly lower, but their intensity increased during the global financial crisis. We may thus conclude that they continue to be a response to attacks on labour and material rights. The larger scale strike mobilization since 2000 has been linked to strikes in the public sector in which union density remains relatively high and trade unions play a significant role in defending workers’ interests.
Political relations

The unions’ main mechanism for influencing public policy is the national tripartite Economic and Social Council (GSV, Gospodarsko-socijalno vijeće). The GSV has been operating, with shorter or longer interruptions, since 1993. The intensity and quality of the dialogue has varied at different stages. The current phase of tripartite social dialogue began with political changes in 2000.\(^{11}\) It is characterized by stabilization and more routine functioning. Social partners, union confederations and employers’ associations have the opportunity to give their opinions on a wide range of laws (in addition to labour issues, the GSV discusses laws in other policy areas, such as public finance, economic policy, education, health care, social policy, pension policy, and environmental protection) prepared by ministries before proposals are submitted for formal adoption by the government through parliamentary procedures. In this way, the social partners have a formal opportunity to shape a wide range of public policies. Especially at critical moments, such as the response to the Covid pandemic, the government uses the GSV for consultation with social partners. In addition, the social partners nominate representatives to working groups in many areas. They work on drafting laws, especially regulations governing public services such as education, health care and social welfare or public administration. The GSV holds meetings relatively regularly, usually once a month, giving leaders of trade unions and employers an opportunity to meet regularly with ministers in charge of the most important portfolios, such as labour, social policy, education, health care, finance and the economy.

The trade unions thus have a relatively stable institutional framework for influencing public policy and for regular interaction with government representatives at the highest level (deputy prime minister and ministers). To date this institutional framework has failed to result in compromise solutions to disputed issues in the domain of labour relations or social policy. This applies primarily to a number of amendments to the Labour Act (ZOR, Zakon o radu) that have led to increased labour market flexibility and reduced workers’ legal protection, as well as efforts by various

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\(^{11}\) In early 2000, parliamentary elections were held, resulting in the first change of government since 1990. The united opposition removed the then-ruling Croatian Democratic Union, a centre-right party. These elections are seen as a significant milestone in terms of democratization.
governments to reform the pension system or privatize segments of the public sector within the framework of austerity policies (often under pressure from the European Commission). Because direct union opposition through institutional consultation channels has proved unfruitful, they have been forced to use non-institutional and political mechanisms of pressure in a number of such cases, with greater or lesser success (see the next section).

The social partners also have representatives in the most important committees of the Croatian Parliament, through which they can present their views on certain public policies before MPs. The social partners also have representatives in the governing bodies of certain institutions important for regulating the labour market, such as the Croatian Employment Service.

Attempts were made to establish political partnership between trade unions (confederations) and political parties in the late 1990s and early 2000s, but these efforts did not result in any significant boost for trade union influence on public policies. The rapprochement of the two confederations, Matica and SSSH, with the opposition centre and centre-left parties began in 1997, resulting in the signing of pre-election agreements between those parties and the confederations before the 2000 elections. Opposition parties committed to implement certain reforms and consult with trade unions in implementing public policies, while confederations committed to support opposition parties in the upcoming elections. After the opposition parties won the elections, pre-election cooperation was transformed into a tripartite reform accord. But soon, the social partners became dissatisfied with the manner and speed of certain reforms, and the union confederations withdrew only a few months after signing the accord (first SSSH, and then the others). Thus this most significant attempt to establish political exchange ended in failure.

Some trade unions and union leaders have not completely given up on some kind of political engagement. They believe that, although current political parties do not (sincerely) advocate workers’ interests, a political party may at some point emerge with which trade unions could establish closer cooperation.

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12 An interesting feature of the Croatian parliament are so-called ‘expert/external members’ of parliamentary committees, who can participate in discussions about proposed laws and policies, albeit without voting rights.
The possible realization of such hope emerged in 2010 with the establishment of a new left-wing political party, the Croatian Labour Party (Laburisti, *Hrvatski laburisti*), whose programme included as one of its priorities the protection of workers and, in particular, promoting the trade unions’ role in protecting workers’ rights (Hrvatski Laburisti 2010). The founder of Laburisti, Dragutin Lesar, was a prominent union leader from the 1990s and the current leadership is also dominated by union activists (Hrvatski Laburisti 2020). But after promising results in the 2011 parliamentary elections (5.8 per cent of the vote at the national level and six seats out of 151), they lost support rapidly and today the party is very marginal.

The failure of Laburisti called for some reflection on the modalities of political representation of workers’ and trade unions’ interests. For example, in 2016, Matica organized a round table entitled ‘Is it time for the political organization of trade unions?’ Vilim Ribič, confederation head, said at the round table ‘Let’s do something! Our society is disintegrating, our future is disintegrating. Political activism of some sort is imperative’ (Matica hrvatskih sindikata 2016). The fact that no such moves have yet been made indicates indirectly that opinions are divided on this issue within the unions themselves.

**Societal power**

Some prominent (neo)liberal activists take the view that trade unions in Croatia, and in particular public sector unions, have excessive societal power, which they use to block fiscal policy reforms or supposed improvements in public sector efficiency.\(^1\) To support such assertions they cite examples of trade union actions over the past ten years in opposition to various reforms or proposed legal amendments. For example, from 2010 to 2019, the unions organized four (one in 2010, two in 2014 and one in 2019) successful initiatives to call referendums on certain

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13 Davor Hujić, founder and leader of the Taxpayers’ Association, and one of the most active liberal activists, has repeatedly said publicly that public sector unions have a ‘veto power’, with which they can block any type of reform (of the public sector). See his argument in the text published on 31 October 2019 at www.index.hr ‘Hujić: Trade unions are interest groups run by well-paid lobbyists’: https://www.index.hr/vijesti/clanak/huic-sindikati-su-interesne-skupine-koje-vode-dobro-placeni-lobisti/2128316.aspx
government reform initiatives that, from a union perspective, were detrimental to workers’ interests. The unions collected enough signatures to instigate the referendum process on each occasion and as a result the proposed legal amendments were halted. In one case, an already adopted law was amended, formally on the government’s initiative. The level of union power is illustrated by the fact that in all four initiatives they collected a significantly larger number of signatures than the minimum (around 400,000). For example, the first initiative in 2010, when the trade unions opposed amendments to the Labour Act (ZOR) that would have ended the continuing validity of collective agreements beyond their expiry dates – the so-called ‘after-effect’ – collected over 800,000 signatures, over 20 per cent of all voters. The most recent trade union initiative, launched in 2019, which demanded the repeal of already adopted amendments to the pension insurance law, which shortened the transition period for extending the retirement age, collected about 750,000 signatures.

In addition to union confederations, which jointly organized the collection of signatures, NGOs also participated in the initiative, to a lesser extent. Cooperation between trade unions and NGOs – for example, the latter offered support to Kamensko textile factory workers, who went on hunger strike in September 2010 because their wages had not been paid for several months – intensified in 2013. A significant step in this direction was the public support of nineteen associations for the great May Day protest organized by all union confederations. Shortly afterwards, at its session in June 2013, the SSSH Presidency adopted organizational and action guidelines, including cooperation and joint action with NGOs in activities of common interest (Ivandić and Livada 2014). This cooperation was particularly evident in one of the two initiatives

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14 According to Croatian regulations, non-governmental organizations or citizens’ groups have the right to initiate a referendum with the aim of amending existing laws or provisions of the Constitution, or adopting new provisions of the law or the Constitution. The initiator of such a referendum must formulate one or more potential referendum questions and must collect the signatures of at least 10 per cent of the total number of eligible voters (about 400,000) within two weeks. Once the collected signatures are submitted, the validity and exact number of signatures is determined, and the parliament may ask the Constitutional Court for an opinion on the constitutionality of the proposed question before deciding to call a referendum. If the government decides to withdraw the bill or changes it on its own initiative initiators of the referendum may withdraw their initiative (see more in Čepo and Nikić Čakar 2019).
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implemented in 2014, both directed against privatization in the public sector, which collected 600,000 and 530,000 signatures, respectively (see Čepo and Nikić Čakar 2019). The ‘We won’t give up our motorways’ initiative, established to oppose the leasing of motorways as concessions, saw the participation of NGOs known for fighting to maintain resources in public hands, in addition to the trade unions directly interested.

In general, besides exhibiting their societal power, through these initiatives unions demonstrated the possibility of good mutual cooperation; several trade unions and union confederations participated in all of them. Trade unions’ relative societal power is also shown by their success in collecting enough signatures for referendum initiatives (see above). Of the nine initiatives launched in the past ten years, only two others were successful, apart from the four launched by trade unions.

Union representatives, primarily leaders and experts from trade union confederations, are often featured in the media and are the standard interlocutor regarding the labour market, the pension system, living standards and related issues. Their frequent media appearances have a two-fold effect on trade unions’ reputation and influence. On one hand, they have significant public visibility, giving the impression that they are an important and influential stakeholder. On the other hand, the fact that it is more or less the same union leaders who appear again and again (some since the beginning of the transition) often has a negative effect on public opinion. Nevertheless, the fact is that Croatian unions have not lost their presence in the public arena and are still able to express and try to impose their opinions on certain topics. Since the global financial crisis and the introduction of austerity measures by various governments, union leaders have become participants in heated public debates regarding austerity policies, often publicly attacking the authorities, but also entering into fierce debates with civil society actors and other stakeholders who support austerity measures or favour of deep public sector reforms, including the reduction of the welfare state.

Public trust in trade unions is not strong. According to a survey from the beginning of 2020, about half of all citizens over the age of 18 do not trust trade unions, while only about one-sixth of respondents expressed confidence in them.\(^{15}\) According to their average value on the trust scale,

\(^{15}\) Data from a hitherto unpublished survey conducted by the Faculty of Political Science, University of Zagreb, on a nationally representative sample of 979 respondents.
Trade unions are in the bottom half (ninth out of fourteen institutions surveyed) with an average score of 2.27. In this survey, citizens expressed a lower level of trust in political institutions such as political parties, the government, national parliament, courts and public administration. General trust in NGOs is slightly higher than in trade unions. This indicates that unions’ status in the eyes of the public is lower than their media presence and political influence might suggest. At the same time, paradoxically, the unions are able to mobilize a large number of citizens for such actions as referendum initiatives, despite this relatively negative public standing.

**Trade union policies towards the European Union**

When it comes to the trade unions’ attitude towards Croatia’s integration in the EU and European institutions, the prevailing view seems to be that EU accession was inevitable. That was the consensus among parliamentary parties, and the unions did not raise a dissenting voice. Trade union criticism is often directed at domestic political elites regarding their lack of preparation for integration, as a result of which Croatia continues to have poorer living and working standards than other EU member states.

Croatia’s accession to the EU happened during a period of prolonged recession, with high unemployment rates and other negative trends. The gradual opening up of the labour markets of core EU countries caused massive labour emigration, especially from the regions where industry has been shutting down for decades. Labour migration is one of the main issues that the unions have been trying to highlight at the EU and regional levels. Lower living standards than in other EU member states, poorer labour market indicators – such as a high share of temporary employment – are so-called push factors for emigration to the more affluent parts of the EU. On the other hand, labour emigration led to a growing need for foreign workers who can compensate for the country’s shortages. That dynamic might lead to social dumping but also falling working conditions (see Eurofound 2017a, 2017b). For the same reason, the SSSH was against the Croatian parliament’s 2016 decision to join the countries that showed the yellow card to the Posted Workers Directive. The parliament made its decision in order to preserve Croatian companies’ and workers’ competitiveness in EU by keeping the labour costs of Croatian workers low. Together with the European Trade Union Confederation (ETUC)
and the European Economic and Social Committee, SSSH highlighted concerns about unfair competition and boosting competitiveness at the expense of wages and workers’ rights.

The issue of the labour migration of foreign workers to Croatia, predominantly from neighbouring countries, is also a topic of debate between the members of the Regional Trade Union Council Solidarnost. Solidarnost was founded in 2011 in Ljubljana and brought together the former Yugoslavia trade unions. The Council was initially formed by Slovenian colleagues to provide support to trade unions in countries in the process of EU accession. Today, Croatia and Slovenia play the same role in guiding other countries in the region. The Regional Trade Union Council ‘Solidarity’ is an informal body that provides a platform for equal cooperation among its members. All agreements are adopted by unanimity.

During the global financial crises, union leaders, especially those from the public sector, were very critical of austerity policies in Croatia. They blamed the European Commission for using the European semester as a tool to put pressure on governments to implement austerity measures.

Today, all three national trade union confederations – SSSH, NHS and Matica – are full members of the ETUC. Croatian unions are present in eight out of ten industry-level European trade union federations (ETUFs). The only ETUFs of which Croatian unions are not members are the European Arts and Entertainment Alliance and the European Confederation of Police.

Conclusions

Croatian trade unions are at a crossroads. On one hand, they have the potential to start using their societal power. This has been proven over the past decade – despite their significant resource losses in terms of membership and funding – by a number of successful initiatives to reverse certain trends in political economy and to improve workers’ living and working conditions. Declining labour supply because of the mass emigration of workers since Croatia’s accession to the EU (estimated at more than 300,000 new emigrants since 2013) has helped in this (labour shortages are obvious from the rapid decrease in the number of unemployed and increasing demand for immigrant workers). There has also been a general shift in economic policy away from the neoliberal matrix. This
could result in trade union revitalization, according to Visser’s (2019) classification. On the other hand, the risk remains that the trade unions may become irrelevant and lose influence if membership continues to fall, along with financial and human resources. There does not appear to be a constant negative trend as regards union density, but there have been occasional crisis episodes characterized by a sudden loss of membership over a shorter period, alternating with periods of stagnating union density. Some future crisis episode could result in a new steep decline in membership, which could lead trade unions to the edge of marginalization (Visser 2019).

Which of these two paths Croatian unions will take, and with them the entire system of industrial relations, depends largely on four key issues.

The first issue concerns systemic efforts to recruit newly employed workers in the workplaces where unions already operate. Data suggest that the decline in union density is occurring in the core of the union movement, where trade unions have affiliates, already have a large membership and ensure benefits for workers through collective agreements. Recruiting new generations of workers at the traditional union core is a matter of survival. Unless this is successful, the chance of recruiting members in firms with no experience and tradition of union organizing is significantly reduced.

The second key issue is the challenge of developing serious and effective union organizing campaigns in workplaces and occupations that lack a union tradition. Although there are unions in Croatia that can brag about their success in organizing previously unorganized workers, even among small employers, they are mainly in the public sector or enterprises experiencing business problems. There are few examples of successful union organizing in relatively stable and successful companies with no union tradition.

The third challenge that unions will face at the national level in the coming years is generational change among union leaders. Two out of three union confederations have leaders who have been around since the

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16 Results from previously cited unpublished research by one of the authors. Research conducted in 2009 demonstrated that union density in work organizations in which there was at least one trade union confederation was around 70 per cent. By 2014 that was down to 60 per cent, and in 2018 to 54 per cent.
very beginning of the transition. Their imminent departure from these positions creates new opportunities, in the sense that the public are perhaps weary of them, but on the other hand their experience and relationships will depart with them. Generational change can also be expected in several large affiliated unions.

The fourth challenge concerns trade union reputation. As the data show, the average Croatian citizen does not have a positive opinion of unions. Despite that, the unions have managed to mobilize a significant part of the public in several major actions over the past decade. This suggests that trust has not been lost irretrievably. But in order for the trade unions to reverse negative trends in public policies and industrial relations, a systematic approach to reputation management is also needed, by both individual organizations and the union movement in general.

It is worth mentioning that there have been several experiences and achievements over the past decade that can serve as a positive basis for the first of the two paths leading to revitalization. First of all, the establishment of mostly good relations and successful cooperation between trade unions, especially among the three representative union confederations at the national level. There is also greater union confidence in their ability to mobilize the public for workers’ interests, as exhibited by the four successful referendum initiatives. Also valuable is the establishment of cooperation with NGOs, but also the emergence of new NGOs focused directly on strengthening unionism or promoting ideas that will help strengthen the unions’ position. We should also add the increased openness of some individual political actors towards union positions or the emergence of new political actors advocating policies that also imply strong and influential trade unions. Although this process is external to the unions, they can take some credit for it, based on the harsh criticisms they have directed towards certain political actors in previous years.

References

All links were checked on 6 July 2021.


Eurofound (2017a) Fraudulent contracting of work: abusing the posting of workers (Belgium, Finland and Italy), Eurofound, Dublin.


**Abbreviations**

- **ETUC** European Trade Union Confederation
- **ETUF** European trade union federations
- **GSV** Gospodarsko-socijalno vijeće (Economic and Social Council)
- **HURS** Hrvatska udruga radničkih Sindikata (Croatian Trade Union Association)
- **Matica** Matica hrvatskih sindikata (Association of Croatian Trade Unions)
- **NGOs** non-governmental organizations
- **NHS** Nezavisni hrvatski sindikati (Independent Trade Unions of Croatia)
- **SSSSH** Savez samostalnih sindikata Hrvatske (Union of Autonomous Trade Unions of Croatia)
- **URSH** Udruga radničkih Sindikata Hrvatske (Union of Croatian Trade Unions)
- **ZOR** Zakon o radu (Labour Act)