



CROATIAN
EMPLOYMENT SERVICE

BUSINESS STRATEGY

OF THE CROATIAN EMPLOYMENT
SERVICE 2026-2030



BUSINESS STRATEGY

OF THE CROATIAN EMPLOYMENT
SERVICE 2026-2030

Zagreb, May 2026.





Table of Contents

1. Introduction	7
About CES.....	8
Strategy	9
2. Mission, Tasks and Values of the CES.....	10
2.1. Mission of the CES.....	11
2.2. Six fundamental tasks of the CES.....	12
2.3. Core values of the CES.....	14
3. CES Vision 2030	16
3.1. CES Vision	17
3.2. Motto and visual identity	19
4. Analyses.....	22
4.1. Labour market trends and projections analysis (2015-2030)	23
4.1.1. Historical trends (2015-2025)	23
4.1.2. 2026-2030 projections.....	24
4.1.3. Conclusions on anticipated labour market trends (2026-2030)	24
4.1.4. OECD Reviews of Labour Market and Social Policies: Croatia	25
4.2. External environment analysis (Trends 2030)	26
4.2.1. Digital transformation and development of artificial intelligence.....	26
4.2.2. Green transition and sustainable economy	28
4.2.3. Demographic ageing and population migrations.....	29
4.2.4. Labour market mismatches and the need for lifelong learning.....	31
4.2.5. Work organisation changes (teleworking and new forms of employment)	33
4.2.6. Geopolitical and economic risks.....	34
4.3. SWOT analysis (internal strengths and weaknesses, external opportunities and threats)	35
4.3.1. Strengths (internal)	36
4.3.2. Weaknesses (internal)	36
4.3.3. Opportunities (external).....	37
4.3.4. Threats (external)	37
5. Strategic Targets of the CES (2026-2030).....	39
5.1. Customer perspective (persons unemployed and employed, employers, partners) (K)	41
5.1.1. Increase employability and sustainable employment of customers.....	41
5.1.2. Increase activation, outreach and inclusion of hard-to-employ and inactive persons.....	42
5.1.3. Improve the availability, quality and timeliness of services.....	42
5.1.4. Improve matching skills with labour market requirements.....	43
5.2. Process perspective (P).....	44
5.2.1. Improve the efficiency of employment placement activities and match supply with demand.....	44
5.2.2. Enhance individual approach and customer profiling	45
5.2.3. Improve the targeting and efficiency of active labour market policy measures	46
5.2.4. Develop data-driven performance-based management	47
5.2.5. Enhance services by digitalising and standardising processes	47
5.3. Development perspective (R).....	48
5.3.1. Develop digital and analytical capacities of the CES	48
5.3.2. Enhance employee competences and engagement.....	49
5.3.3. Develop an organisational culture focused on performance and ongoing improvement.....	50
5.3.4. Strengthen capacities for monitoring and predicting labour market trends	51
5.4. Financial perspective (F).....	52
5.4.1. Increase the efficiency of using public funding	52
5.4.2. Increase the effect of investing in active labour market policies.....	52
5.4.3. Efficiently use EU and other sources of funding	53
6. Monitoring Strategy Implementation (KPI Framework).....	56

“
**Change
management.
Career
building.
Development
driver.**
”

Croatian Employment Service Strategy 2030

1. Introduction

Purpose of the strategy: This strategy defines the long-term development plan of the Croatian Employment Service (hereinafter referred to as the CES) to be implemented until the end of 2030. It was developed on the basis of the previous strategy (2022-2025) and updated analyses of the external environment and is intended to direct the CES in line with new socioeconomic trends and national and EU priorities. The strategy takes into account the views and interests of the key labour market stakeholders, including representatives of employers, trade unions, the educational system and public authorities. This document serves as an internal agreement between all stakeholders of the CES on their common goals and how they are to be achieved.

Role of the CES: Established pursuant to the Labour Market Act, the Croatian Employment Service is a public institution owned by the Republic of Croatia. Its primary role is to provide employment placement, counselling and support services to unemployed persons and employers, implement active labour market policy (ALMP) measures and administer benefits during periods of unemployment. As such, the CES acts as the principal employment placement agency in the labour market and operates on a non-profit basis, for the benefit of society and economic development. In addition, the CES also plays a crucial role of a second-level intermediate body (IB2) for ESF+, where the CES not only administers but also co-creates programmes, designs new active labour market policy measures such as the “Make a Wish” programme (the largest social programme in the country), lifelong learning vouchers, programmes encouraging local employment and integration of pensioners in the labour market, etc. Modernising the labour market using EU funds is also one of the important roles of the CES.

Legal framework and sources of funding: The activities, organisational structure and management of the CES are governed by the Labour Market Act and its implementing regulations. Funding of the CES's activities is primarily secured from the national budget, with substantial support from the European Social Fund Plus (ESF+) and other European Union funds, in particular with regard to projects intended to modernise departments and employment measures. Between 2021 and 2027, the CES intensively used and will continue to use EU funding (e.g. the National Recovery and Resilience Plan - NRRP) for digitalisation and employment programmes and is expected to continue to receive such funding until 2030 in accordance with the Union priorities defined as part of the new multiannual financial envelope.

ABOUT THE CES

The Croatian Employment Service is a public institution owned by the Republic of Croatia; its organisational structure, management, and business operations are governed by the Labour Market Act.

**Purpose**

This document aims to outline the strategic plan of the Croatian Employment Service (CES).

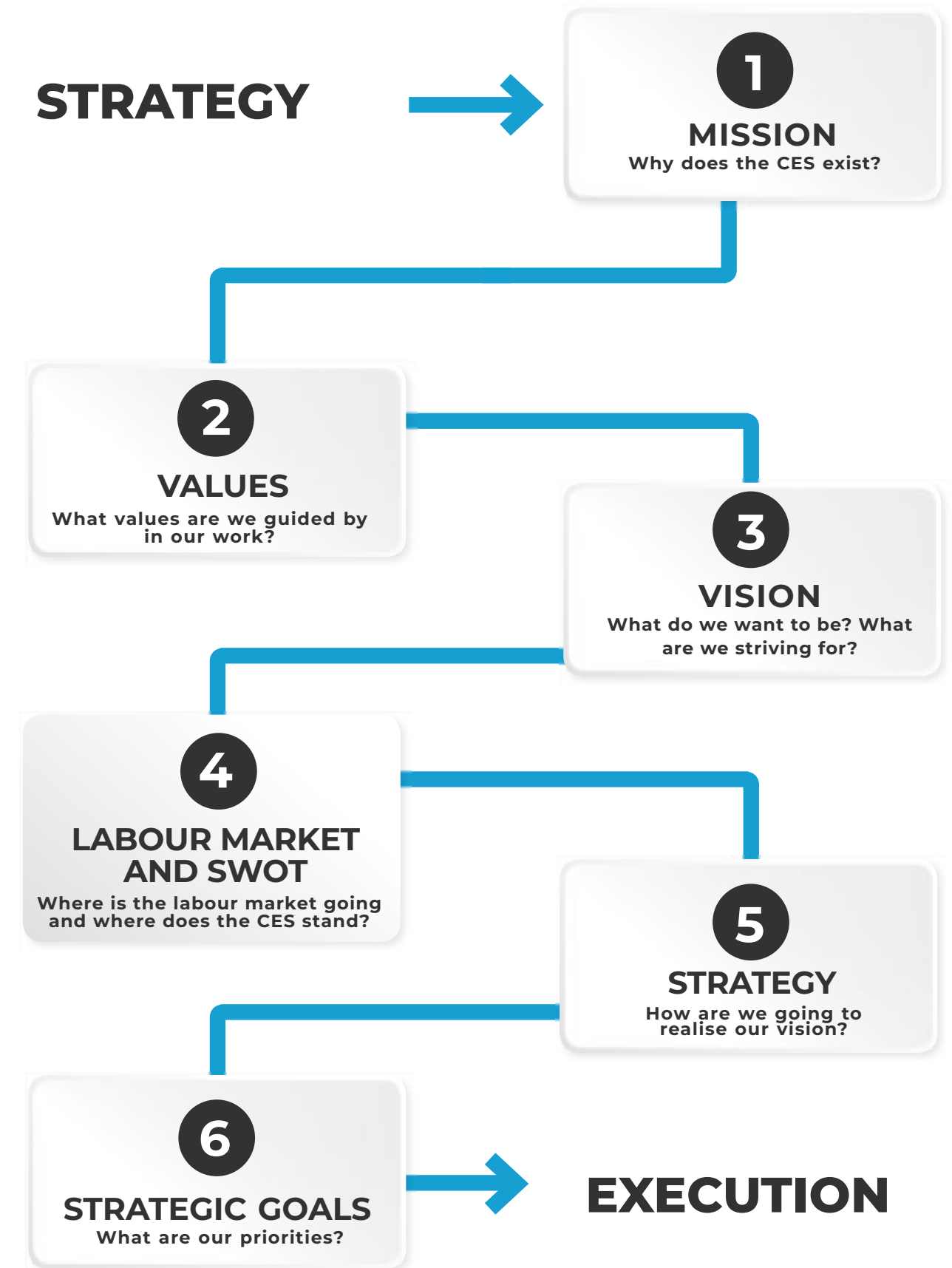
**Contents**

As a basis for setting the CES long-term strategic goals, the strategic planning process included a (re)definition of its mission, values and vision, an analysis of general labour market trends and an analysis of the CES's current labour market position (efficiency of services, workload of counsellors, the CES's current service portfolio, and its strengths, weaknesses, opportunities and threats – a SWOT analysis). Following that, viable social and economic development opportunities were determined and the strategy and the strategy map were articulated.

**Scope**

The CES Strategic Plan described herein refers to its business operations from 1 January 2026 to 31 December 2030.

STRATEGY



Mission, Tasks and Values of the CES

2.1. Mission of the CES

The Mission answers the question of why the CES exists and what its role is. The CES's mission remains substantially unvaried, albeit slightly adjusted compared to the previous strategic period, as follows:

"Develop labour market potentials and act as a partner in developing careers and providing qualified workforce and unemployment benefits for the purpose of achieving full employment."

This mission statement constitutes the essence of the CES's purpose – to encourage the development of people and the labour market through partnerships with individuals and employers, with the ultimate goal of achieving full employment in society.

Mission or Purpose

The mission sets out the CES's purpose ('Why do we exist?').

Unlike strategy and goals, which may be fully implemented at a specific point in time, a mission has no 'end'.

The CES will continue to fulfil its mission as long as it exists.

THE MISSION OF THE CROATIAN EMPLOYMENT SERVICE

'Develop labour market potentials and act as a partner in developing careers and providing qualified workforce and unemployment benefits for the purpose of achieving full employment'

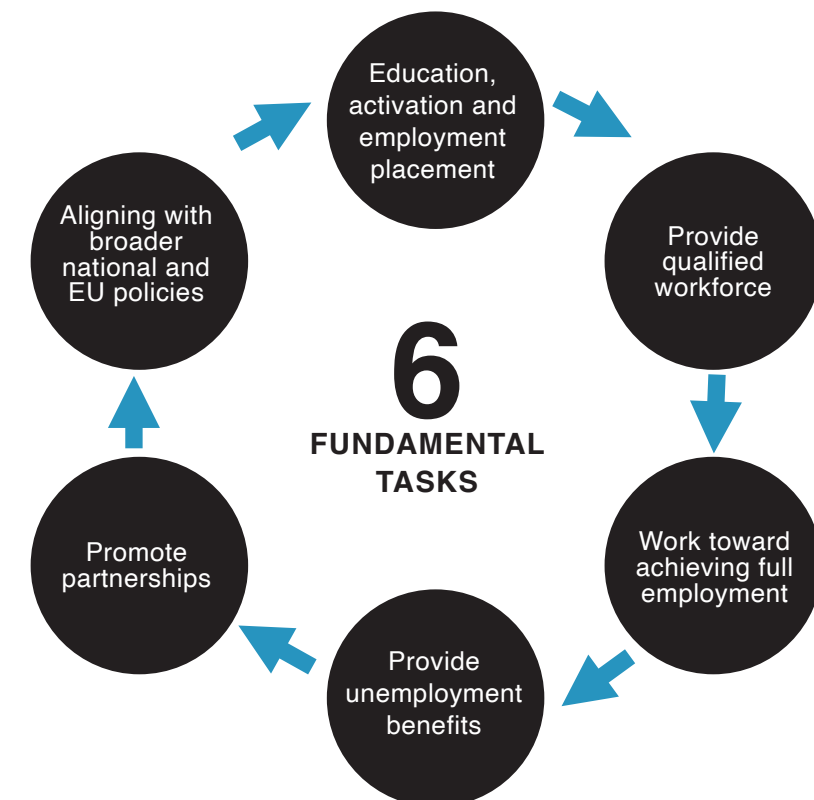


2.2. Six fundamental tasks of the CES

Six fundamental tasks of the CES derive from its mission:

1. Improve the labour market through education, activation and employment placement
2. Provide qualified workforce for employers in the labour market
3. Help achieve full employment across the economy
4. Provide unemployment benefits to unemployed persons (financial benefits, etc.)
5. Promote partnerships with all labour market stakeholders (unemployed, employed persons, employers, institutions)
6. Act in compliance with broader policies of the Croatian Government and the European Union (at the national level – by actively monitoring changes in policies in other sectors and aligning its efforts to support them; at the EU level – by aligning with policies implemented via EU funds)

These tasks define the core activities of the CES – from employment placement and active labour market policy to cooperation with partners and care for the unemployed.



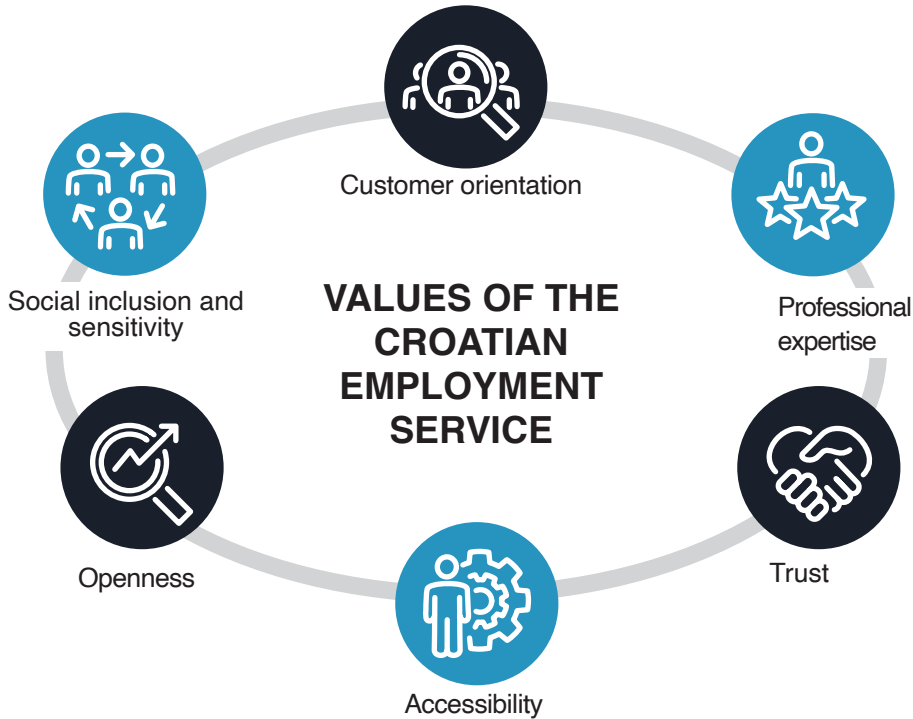
2.3. Core values of the CES

The **core values** of the CES are the principles guiding our employees' work and our organisational culture. According to the 2026–2030 strategy, the CES adheres to the following values:

- **Customer orientation** – prioritising the needs of unemployed persons, job seekers and employers
- **Professional expertise** – professional and competent discharge of duties and ongoing knowledge and skill development
- **Trust** – ethical and reliable service to build confidence in the CES among customers
- **Accessibility** – ensuring that CES's services remain available at the right time to everyone across Croatia
- **Openness** – transparent operation and open communication with the public, willingness to receive feedback and suggestions
- **Social inclusion and sensitivity** – particular sensitivity to vulnerable groups and promotion of social inclusion in all activities

The CES Values

... are our guiding principles. These values demonstrate the way the CES employees live and work and what makes them different from others; they are the source of the organisation's strength. While our mission gives an answer to the question: 'Who are we? What is our role?', our values answer the question: '**What are we like and what is important to us?**'



These values have remained a permanent foundation for the CES's organisational culture and will be embedded in its vision and objectives in the upcoming period.

CUSTOMER ORIENTATION

We are dedicated to developing services that meet the needs of our clients (the unemployed, jobseekers, employers and other stakeholders). We provide counselling and information services, implement active labour market policy measures, determine unemployment rights and focus on boosting our efficiency while allocating funds in a rational and transparent way.

PROFESSIONAL EXPERTISE

We are committed to developing our knowledge, skills and competencies in the field of preparation for employment, employment itself, reducing unemployment, providing counselling services to the unemployed and employers, and reviewing and improving our practices through cooperation with international partner institutions (benchmarking and benchlearning).

TRUST

We are aware that everything we do affects the level of our clients' trust, so we take into particular account the constant monitoring of feedback from both our clients and the labour market, and improvement of our forecasts, plans, measures and services. We apply a proactive approach aimed at the continuous development of our competencies, systems and work processes.

ACCESSIBILITY

Bearing in mind that our customers need us to help them solve life's important issues - be it the right to work, securing livelihoods, a quality labour force or creating new values - we are accessible to everyone, through our services, events and locations tailored to clients' different needs.

OPENNESS

In our work, we are completely open to the public, constructively accepting opinions, advice, criticism and suggestions for improvement. We openly communicate our conclusions, plans and initiatives, including various stakeholders in them - from the analysis, planning and elaboration phase, through implementation, monitoring and modification, to supervision and reporting (through various statistics reports, newsletters, project implementation reports and so on).

SOCIAL INCLUSION AND SENSITIVITY

When working with vulnerable social groups and individuals, we do our best to facilitate their reintegration into society and work on increasing social inclusion and sensitivity in cooperation with our partner organisations. In our daily work with clients, we are considerate of their unique life circumstances and capabilities and sensitive to specific personalities, habits and experiences.

CES Vision 2030

3.1. CES Vision

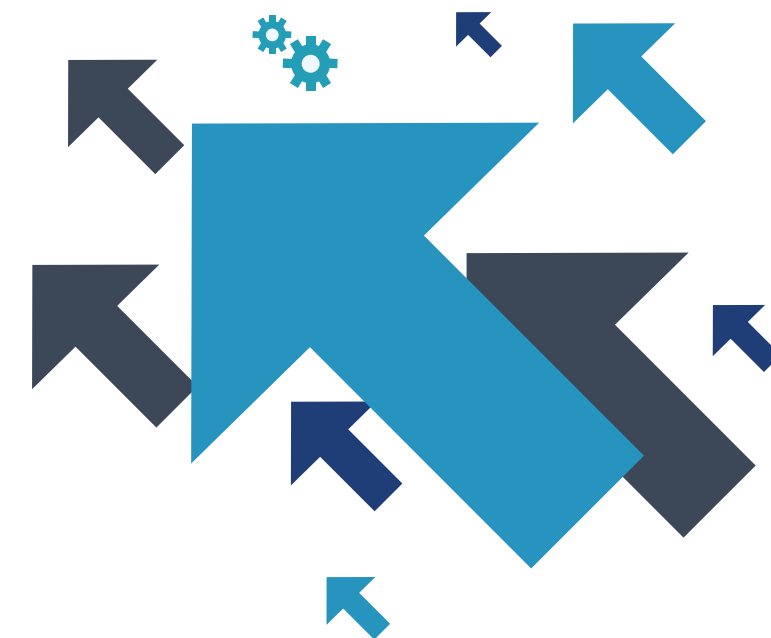
The vision answers the question “What do we want and strive to be?” and provides a picture of future desirable outcomes for the CES and the labour market. Considering the new trends (digitalisation, green economy, demographic change) and strategic priorities, **the revised CES Vision 2030** is as follows:

*“A **modern and proactive** public employment service that **partners** with the unemployed, employed persons and employers to **boost workforce competences and competitiveness** of the Croatian labour market and to **help achieve sustainable economic growth** by using **EU funds**.”*

This vision underlines the fact that the CES aims to be a **modernised and innovative** leader in the labour market, providing **proactive services** and encouraging workforce skill development in cooperation with all stakeholders. The CES thus helps the local labour market remain competitive in an era of global change and achieve overall sustainable development of society. This vision also reflects the continuity of the **full employment** target, extending it to employability (competences) and partnerships with customers.

Vision of the Croatian Employment Service

“A modern and proactive public employment service that partners with the unemployed, employed persons and employers to boost workforce competences and competitiveness of the Croatian labour market and to help achieve sustainable economic growth by using EU funds.”



1 “A modern and proactive public employment service”

“Modern” means that the CES aims to be an institution that adapts to changes in technology, policy, labour organisation and society on an ongoing basis. This includes using digital tools and artificial intelligence, online services and automated processes, as well as modern approaches to counselling, evaluation of measures and ongoing employee training and management. The CES is committed to becoming a high-tech organisation providing modern digital services, guided by data-driven analyses and predictions. “Proactive” highlights the fact that the CES does not wait for issues to become crises but uses its best efforts to anticipate them and act prospectively – by analysing trends, identifying risks (e.g. long-term unemployment, obsolete skills, lack of labour in specific industries) and launching initiatives before the damage is done. It also underlines the CES’s public function – it is a public, not-for-profit national service working for the benefit of individuals and society as a whole rather than for the benefit of specific market participants. “Employment service” reflects the fact that the CES is not merely addressing unemployment but also the entire labour system – workforce supply, employers’ demand and rules shaping the labour market.

2 “Partnering with the unemployed, employed persons and employers”

In this context, maintaining good quality of relationships, rather than merely a catalogue of services, is prioritised. The CES does not aim to position itself above its customers as an authority that ‘knows best’, but rather to act as a partner in seeking solutions together with them. This means that its interactions with the unemployed are based on trust, mutually agreed commitments and individual plans, its interactions with employed persons are intended to support them in career changes, training and remaining employed, whereas its interactions with employers are focused on recognising their needs, providing a quick and effective service, and co-creating training courses and programmes. The combination of these three groups – the unemployed, employed persons and employers – underlines the fact that, in this strategic period, the CES will increasingly shift its focus from registered unemployed persons to people who want to remain in employment or make a career transition. Partnering means that people are not treated as “items to be processed” but rather as individuals with their own responsibility, who are aware of their own situation and constitute a legitimate voice in designing solutions.

3 “Boosting workforce competence”

The message is clear – the CES is essentially an organisation working to develop human skills and competences rather than a mere unemployment administrator. Competences include knowledge, practical skills and attitudes necessary to successfully participate in the labour market – from basic digital skills and professional knowledge to communication, organisational and entrepreneurial skills. In a world where occupations are changed rapidly, while new technologies replace old jobs and create new ones, it is crucial to provide workers with an opportunity for lifelong learning. By putting an emphasis on “competence boosting”, the vision refocuses from short-term “vacancy filling” to long-term employability of people: the CES helps individuals acquire competences that will not only allow them to find a job today but also to adapt to changes that tomorrow brings. This implies the importance of lifelong learning, reskilling programmes, training vouchers, and the role of the CES in coordinating the education system and the economy.

4 “Competitiveness of the Croatian labour market”

This is where vision exceeds the boundaries of individual destinies and places the CES in a broader economic context. A competitive labour market means that both local and foreign employers are able to find a sufficient number of workers with appropriate skills in Croatia, that the workforce is able to relatively quickly adapt to new demand, that instruments are in place to address any shortage (e.g. migrations, activation of inactive workers), and that the entire labour structure is sufficiently flexible and innovative. The CES is not a mere observer – it is an active player whose services and programs help shape this competitiveness: by determining whom to train, which sectors need employment stimulation measures and how to work with employers and guide youth, the CES has an impact on whether or not Croatia will in the long term remain an attractive place to invest and do business. This part of the vision clearly links the CES’s activities with national competitiveness and development policy objectives.

5 “EU funding”

Utilising EU funding and the impact of ESF+ on labour market policies is an essential factor allowing the CES to remain up-to-date and have a wide range of impact. The first proposal for the EU budget for the 2028-2034 period was published on 16 July 2025. The amount initially proposed for Croatia was EUR 16.8 billion, which is more than 2 billion in excess of the current perspective for the 2021-2027 period. The final amount has yet to be negotiated, however, there are overwhelming indications that strong EU funding is expected to continue via the 2028-2034 envelope, and the CES intends to be actively involved in defining the new programme to be covered by this new envelope. Employment programmes will be funded via ALMP measures, training programmes will focus on lifelong (both formal and informal) learning, social inclusion programmes will aim to include children, persons with disabilities and persons above the age of 65, whereas healthcare programmes will provide funding for the specialisation of healthcare professionals in the labour market. As a second-level intermediate body (IB2) for ESF+, the CES will continue to co-create and administer successful programmes and projects.

6 “Contribution to sustainable economic growth”

This segment defines the ultimate purpose of the foregoing. “Sustainable economic growth” refers not only to increased GDP but also to long-term steady, resilient, socially equitable and environmentally friendly growth. CES contributes to this growth by improving employment rates and quality, reducing times of unemployment, upskilling the population and facilitating green and digital transitions. This reduces dependence on social transfers, increases tax revenue, boosts internal demand and reduces the risk of social tensions. The CES embodies the principle of fairness in its activities by insisting on standardised treatment and practices in its counselling activities and processes. The inclusion of the sustainability segment in the vision aligns it with European goals and underlines that the CES acts for the benefit of a long-term social structure where work, learning and social inclusion go hand in hand.



Motto and Visual Identity

3.2. Motto and Visual Identity

For its internal purposes, the CES uses a catchy **motto** reflecting the core of its vision:

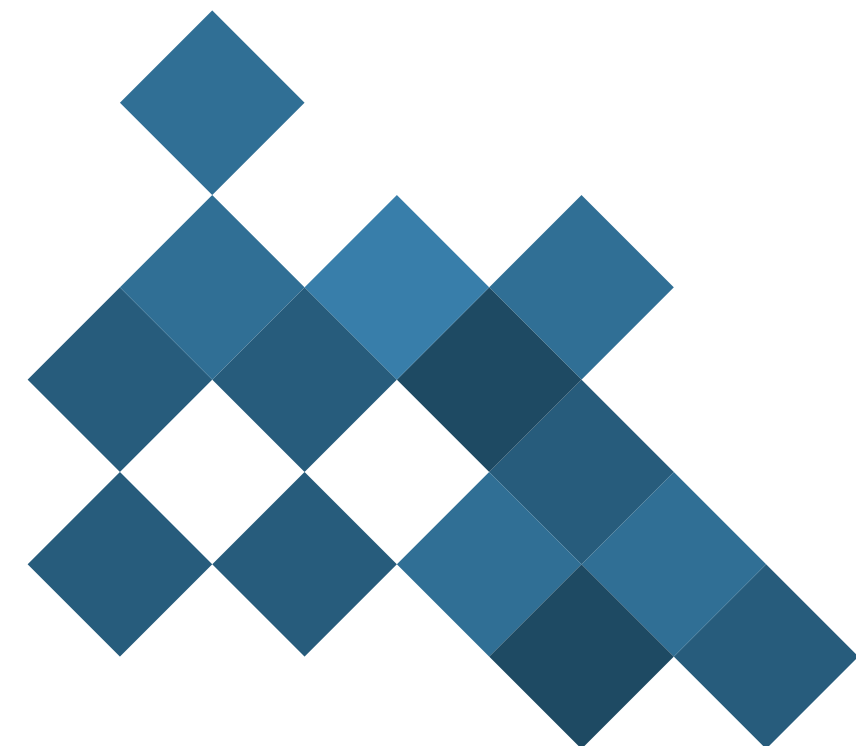
“We connect people with the labour market for an economy of the future.”

The vision is a formal statement referring to a strategic document, whereas a motto is a practical statement for communication and presentation purposes, posters, internal workshops and daily reminders of the CES’s aspirations.

The CES’s motto captures the essence of its mission and vision in a simple, motivating and catchy statement of what the organisation aspires to be, a unique value proposition to its customers and partners. The visual identity illustrates this motto.

Motto and visual identity

“We connect people with the labour market for an economy of the future.”



Analyses

4. Analyses

4.1. Labour market trends and projections analysis (2015-2030)

	Real GDP growth	Number of employed persons (annual average – Croatian Bureau of Statistics)	Number of unemployed persons (annual average – CES)	Number of financial benefit recipients (CES)	Share of financial benefit recipients (CES)
2015.	2.3	1,391,002	285,906	48,442	17.9 %
2016.	3.5	1,443,141	241,862	39,907	16.5 %
2017.	3.3	1,476,832	193,967	33,977	17.5 %
2018.	2.9	1,517,580	153,542	29,795	19.4 %
2019.	3.1	1,555,068	128,650	28,066	21.8 %
2020.	-8.3	1,543,869	150,824	37,447	24.8 %
2021.	12.6	1,575,837	136,816	27,044	19.8 %
2022.	7.3	1,619,969	116,127	23,458	20.2 %
2023.	3.8	1,663,522	108,921	21,882	20.1 %
2024.	3.8	1,719,671	95,299	19,962	20.9 %
2025.	3.2	1,758,067	81,162	21,263	26.2 %
2026.*	2.8	1,762,462	80,946**		
2027.*	2.6	1,787,136	83,857**		
2028.**	2.5	1,808,582	74,586		
2029.**	2.5	1,826,667	60,990		
2030.**	2.5	1,844,934	57,787		

* CNB projections ** CES projections

4.1.1. Historical trends (2015-2025)

Between 2015 and 2025, Croatia recorded steady economic growth and a sharp drop in unemployment. **The real GDP growth rate** of 2.3 %, as recorded in 2015, has eventually recovered and reached 3-4 % p.a., except for the year 2020 when the COVID-19 pandemic resulted in a decrease by 8.3 %, followed by an even stronger recovery in 2021 (+12.6 %).

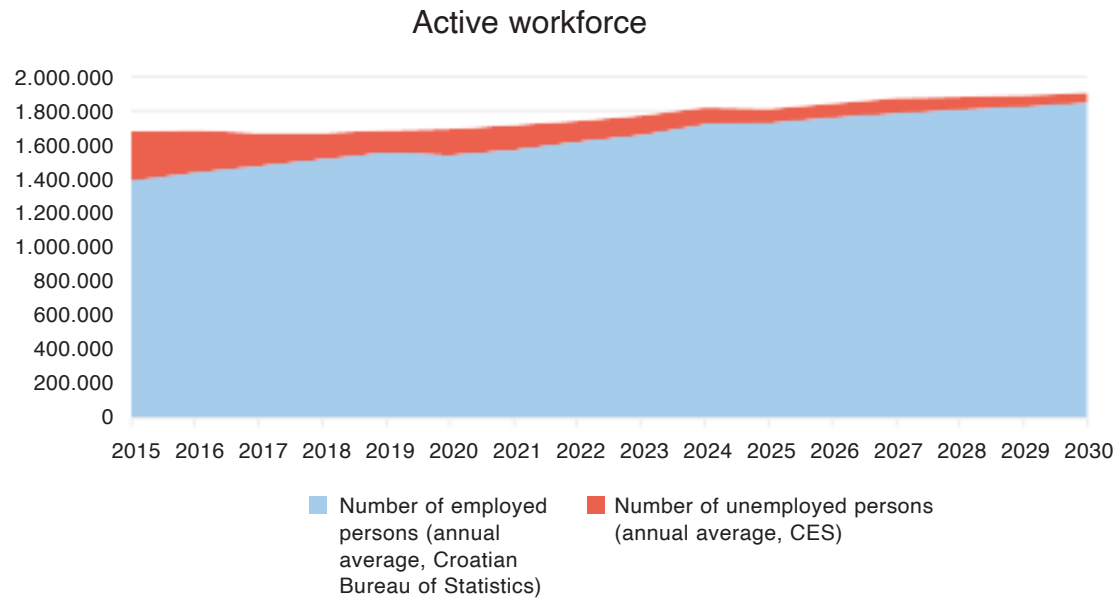
The number of employed persons recorded during this period increased by 340 thousand (1.39 million in 2015 vs 1.76 million in 2025), i.e. by 25 %. **The**

number of unemployed persons was reduced by a factor of almost 4 (from 286 thousand to 81 thousand). **The number of people receiving financial unemployment benefits** also exhibited a downward trend – 48 thousand in 2015 vs around 21 thousand in 2025. On the other hand, **the share of financial unemployment benefit recipients** has ranged between 16.5 % and 26.2 % with noticeable steady growth, save for fluctuations during the coronavirus pandemic, and is expected to continue to grow.

4.1.2. 2026-2030 projections

Projections indicate a **steady GDP growth rate of 2.5 % p.a.** and further increase in the number of persons employed – from 1.73 million in 2025 to 1.84 million in 2030, which means almost **110 thousand new employed persons**. **The number of unemployed persons** is expected to continue to drop, albeit with certain fluctuations resulting from the seasonal nature of the labour market. Projections show that, by 2030, the number of unemployed persons will also decline significantly (from 80 thousand in 2025 to less than 60 thousand by the end of the relevant period). Considering the decrease in unemployment rates during the period in question, an even greater decline was expected mathematically; however, as the unemployment rate cannot be lower than the frictional unemployment rate, the estimated limit is around 50 thousand

unemployed persons. Frictional unemployment is “normal”, minimal or transitional unemployment that continues to exist even if the economy has achieved full employment. The number of financial benefit recipients is expected to remain relatively stable (20 to 26 thousand), but the **share of beneficiaries in the total number of unemployed persons will rise significantly**. This implies that an increasing share of unemployed persons will be entitled to financial benefits due to the expected state of full employment and structural changes in the profiles of unemployed persons (fewer young people and fewer long-term unemployed people, on the one hand, and more experienced workers who temporarily become unemployed between two jobs, on the other hand).



4.1.3. Conclusions on anticipated labour market trends (2026-2030)

- 1. **GDP and employment rates** remain in a positive correlation – annual GDP growth by 2.5 % results in a steady increase in employment rates by 30-35 thousand persons per year.
- 2. **Unemployment rates** drop in the long term, save for occasional fluctuations reflecting the seasonal nature of the labour market.
- 3. **Recipients of financial benefits** have accounted for an increasing share in the unemployed – this will put pressure on the budget, on the one hand, while increased employment rates will contribute to the budget, on the other hand.

4. **The national labour market is becoming saturated** – considering the prevailing demographic trends and reduced workforce supply, further increase in employment rates will most likely result from migrations and productivity rather than local workforce.

5. In recent years, the Croatian labour market has recorded a sharp **rise in demand for foreign workforce**, notably in industries such as construction, tourism, transport, manufacturing and services. Due to demographic change, an ageing population and a lack of local workforce, foreign workers have become an important factor for maintaining economic activity and meeting the needs of employers. On the other hand, these trends highlight the need to activate local workforce, develop skills and effectively balance supply and demand in the labour market. In such circumstances, the role of the Croatian Employment Service becomes increasingly important in the context of identifying needs of the labour market, providing support to employers and designing labour market policies **aligned with the new migration and economic trends**.

4.1.4. OECD Reviews of Labour Market and Social Policies: Croatia

The Organisation for Economic Cooperation and Development (OECD) has published its official review of the labour market and social policies for Croatia – OECD Reviews of Labour Market and Social Policies: Croatia 2025¹ – including a detailed analysis of demographic trends, the labour market, migrations, employment rates, workforce structure and other social factors with regard to the Republic of Croatia. The key conclusions derived from this analysis are as follows:

- 1. **Ageing and decline in working-age population**
The population of Croatia (as well as most of the OECD countries) has reached a stage of rapid ageing. The ratio between senior citizens (65+) and working-age citizens (15-64) has grown strongly and will continue to grow until 2050. According to the relevant Projections, the ratio between senior citizens and working-age citizens will be 1:2 in most Croatian counties by 2050 – on the other hand, no county recorded such ratio in 2022. This labour market trend implies a decline in workforce supply in the long term, as well as rising pressure on productivity, immigration and prolonged working lives.
- 2. **Regional depopulation and fragmentation of the labour market**
All counties but two (City of Zagreb and Zadar County) are losing their population. Particularly strong declines are expected to occur until 2050 (e.g. -40 % in Vukovar-Srijem County). Over a period of ten years, the share of very small municipalities (with a population of < 2000) increased from **29 % to 37 %**. This trend implies that the labour market is becoming physically fragmented, with redundant workforce and unemployment in some regions and a chronic shortage of workers in urban and coastal regions. This requires increased worker mobility, migrations and adjustment of public policies on a territorial basis.
- 3. **Migrations: short-term relief, insufficient in the long term**
Unlike earlier periods, Croatia has recorded positive net migration rates since 2021. However, low fertility rates (1.46 in 2023) and higher life expectancy prevent migrations alone from neutralising the demographic decline. This labour market trend demonstrates that immigration is necessary but insufficient without active integration policies, recognition of qualifications and regional assignment of workforce.

4. **Labour shortages and fiscal and institutional pressures are expected to be a direct result of this vis-à-vis the Croatian labour market**
OECD specifically stated that, without changes in its policies, Croatia may incur a lack around 327,000 workers in the next decade. Funds earmarked for pension and healthcare benefits for senior citizens could double by the year 2061. The taxpayer base is shrinking, whereas the number of public system beneficiaries is rising. This trend implies that the labour market has shifted its focus from “employing the unemployed” to activating inactive groups (senior citizens, women, youth, repatriates), prolonging working lives and increasing productivity per person employed.

¹ OECD Reviews of Labour Market and Social Policies: Croatia 2025, https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/12/oecd-reviews-of-labour-market-and-social-policies-croatia-2025_c0e74fb1/90b78cc3-en.pdf

5. Deceleration of productivity as a key risk

According to OECD, GDP per capita in the OECD area (including Croatia) may decline by around 40 % in the long term. This implies that the labour market can no longer rely on a sufficient supply of workers and that labour shortages will need to be addressed through digitalisation, automation, upskilling and improved workforce allocation.

Direction of labour market-relevant policies (as recommended by the OECD)

As regards the foregoing, the OECD provided the following recommendations directly relevant to the Croatian labour market:

- 1. **Accept demographic realities** and embed relevant projections in labour market planning.
- 2. **Adjust employment policies on a territorial basis** (different concepts for Slavonia, the coastal region and Zagreb).
- 3. **Prolong and facilitate working lives** (age-inclusive employment, flexible forms of employment).
- 4. **Retain and develop public sector capacities in depopulating areas** (teachers, healthcare professionals, civil servants).
- 5. **Enhance coordination between government levels** – the labour market, education, demographics and regional development must operate jointly.

The key conclusion regarding Croatia is that demographics are becoming a dominant structural force in the Croatian labour market. Without having robust, coordinated and territorially differentiated policies in place, Croatia will enter a period of sustained workforce shortage, deceleration of growth and fiscal pressures – even with low unemployment rates. In other words, **a shortage of people, skills and productivity has replaced unemployment as the main issue in the labour market**. These statements are corroborated by other key analyses used to prepare this document, as detailed below.

4.2. External environment analysis (Trends 2030)

The new strategy design takes into account the **current and confirmed external circumstances and trends** affecting the Croatian labour market and activities of the CES. The key trends in Croatia, the European Union and on the global level until 2030 are as follows:

4.2.1. Digital transformation and development of artificial intelligence

Digitalisation of labour and economy is accelerating – new technologies, automation and artificial intelligence (AI) are transforming almost all professions and work processes. According to the relevant international estimates, around **86 % of all jobs** will be affected by digital technologies by the end of this decade.² Automation may replace up to one fifth of the existing jobs, while creating new opportunities in STEM, IT, e-commerce, etc. While artificial intelligence brings efficiency in employment placement activities (e.g. algorithmic matching of supply and demand), it also demands an upskilled workforce. For the CES, this implies a need to continue to modernise existing **digital tools** and implement new ones (such as online platforms, AI assistants,

² Future of Jobs Report 2025, World Economic Forum (WEF), https://reports.weforum.org/docs/WEF_Future_of_Jobs_Report_2025.pdf

etc.), as well as train its customers for the digital age. Croatia follows the EU digital transition trend – the EU Digital Compass 2030 aims to ensure that **80 % of all adults** have at least basic digital skills, which also becomes a national priority.³

Technological trends shaping each modern job



³ EU Digital Compass / Digital Decade 2030 – As part of its Digital Compass (*Digital Decade 2030*), the EU has set a measurable target: at least 80 % of all adults (those aged 16-74) have at least basic digital skills until 2030. The Croatian national policy (e.g. the “Roadmap to the Digital Decade 2030” Policy Programme) committed to the same target as its national contribution to the EU targets to be achieved by 2030. According to the Prime Minister of Croatia, the aim is for approximately 80 % of the population to have basic digital skills, which has been included in national priorities. Sources: <https://digital-strategy.ec.europa.eu/en/policies/digital-skills>, vlada.gov.hr/vijesti/plenkovic-osigurano-2-milijarde-eura-za-ciljeve-digitalne-transformacije

4.2.2. Green transition and sustainable economy

By 2030, the EU must reduce its net GHG emissions by 55 % compared to 1990 and increase its share of renewable energy to at least 42 %.⁴ Combating climate change and transition to **green economy** have significantly affected the labour market in the European Union. The implementation of the European Green Deal creates new jobs in segments such as renewable energy, energy efficiency, circular economy and sustainable transport. By 2030, at least **47 % of all jobs** are expected to undergo changes as a result of green transition (through adjustments of existing jobs or emergence of new ones).⁵ For Croatia, this implies increased demand for workers in green industries (e.g. energy, sustainable construction) and a need to reskill workers working in traditional sectors. These circumstances provide the CES with an opportunity to promote **green skills** and refer unemployed persons to training for sustainable jobs, in accordance with the European Green deal and principles of just transition. It will also counsel young people in the formal education system with regard to promising occupations.



⁴ As part of its *European Climate Law* and *Fit for 55* policy package, the European Union has formally defined its target to reduce its net GHG emissions by at least 55 % compared to the levels recorded in 1990. The European Commission has revised its Renewable Energy Directive and set a binding target of having a share of renewable energy in the Union's consumption of at least 42.5 % by 2030, aspiring to reach up to 45 %. Sources: https://climate.ec.europa.eu/eu-action/climate-strategies-targets/2030-climate-targets_en https://energy.ec.europa.eu/topics/renewable-energy/renewable-energy-directive-targets-and-rules/renewable-energy-targets_en

⁵ *Future of Jobs Report 2025*, World Economic Forum (WEF), https://reports.weforum.org/docs/WEF_Future_of_Jobs_Report_2025.pdf

4.2.3. Demographic ageing and population migrations

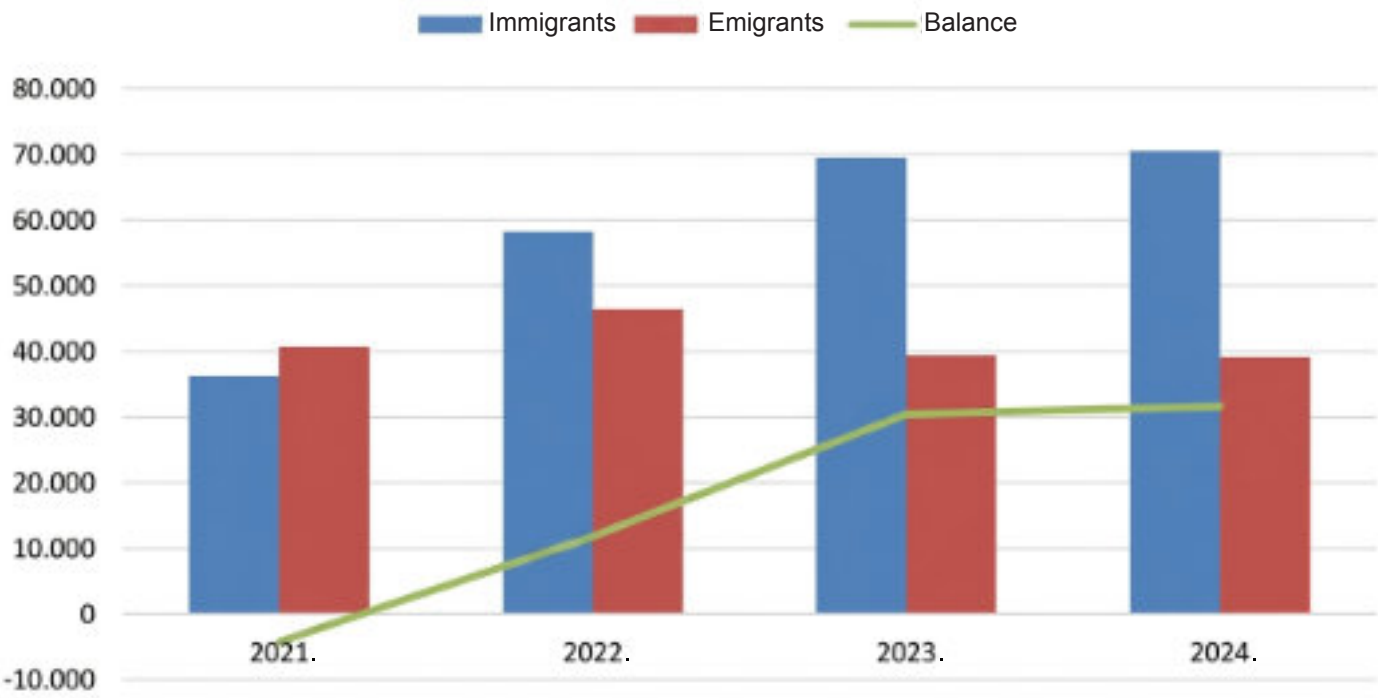
Croatia is facing long-term **demographic challenges** – an ageing population, low birth rates and emigration of working-age people to other countries. In recent years, the number of working-age people has either stagnated or declined, resulting in a shortage of workforce in specific sectors. The CES's 2030 projections provided at the beginning of this analysis indicate that Croatia is approaching full employment: the number of employed persons may increase to 1.91 million (almost 200 thousand more compared to 2024), whereas the number of unemployed persons may drop to less than 50 thousand. In any event, the Republic of Croatia is expected to have a negative labour market balance in the next five years, which means that outflows from the labour market will exceed inflows to the labour market. The local labour market will thus reach a **saturation** stage, where any further increase in employment rates will require inflows of new foreign workers. Reliance on foreign labour is already increasing – Croatia has issued a record number of permits for foreign workers in construction, tourism, hospitality, etc. After its massive wave of 2014-2018 net emigration, it is presently on a massive wave of net immigration, which started in 2022 and considerably intensified in 2023 and 2024. This period of positive net migration (immigration exceeding emigration) continued for two years in a row (2023 and 2024). After the net migration rate reached a positive value of 30.2 thousand in 2023, it increased to 31.4 thousand in 2024. At the same time, potential lies in activating unutilised domestic workforce (e.g. inactive persons, young people with the NEET status, persons with disabilities, people over the age of 65 who are able to work, and repatriates). The CES should address these trends by implementing programmes intended to **integrate foreign workers holding work permits** and Croatian repatriates into the labour market, encouraging **active ageing** (prolonged employment of senior citizens with adjustments) and advising employers on how to manage shortages of labour.

The pension reform implemented in June of 2025 significantly liberalised the employment of pensioners, thus allowing for different modalities of further inclusion of this population in the labour market – for example, full-time post-retirement employment where 50 % of the pension benefits continue to be paid or part-time employment with full pension benefits. In addition, owners of craft enterprises are now allowed to remain employed by their craft enterprises after they retire. According to Eurostat's information for 2023, **Croatia has a very small share of pensioners who continue to work** after they start collecting their pension benefits: while **the average share of pensioners in the EU who continue to work after they start to receive old-age pension benefits is around 13 %, it is only around 5 % in Croatia.**⁶ Having regard to the labour market changes and legislation concerning the employment of pensioners, the number of active pensioners is expected to rise, and the CES will certainly need to help reintegrate them into the labour market, upskill (and reskill) them, and act as an intermediary between them and employers.

Due to the **steady rise in the standard of living and purchasing power and a favourable security situation** in the Republic of Croatia, emigration rates are expected to decrease, while repatriation is expected to increase. Due to the lack of labour, the CES will in any event be more engaged in managing careers and workforce (foreign workforce qualifications and skills) than unemployment.

⁶ https://ec.europa.eu/eurostat/statistics-explained/index.php?stable=0&title=Pensions_and_labour_market_participation_-_main_characteristics

Figure 1 Total migrations



(Source: Croatian Bureau of Statistics)

Demographic ageing and population migrations

Main trends

- An ageing population and low birth rates permanently reduce the number of working-age people.
- Emigration of young and highly educated people further contributes to the demographic decline.
- By 2030, the number of employed persons may reach 1.91 million, with less than 50 thousand unemployed persons.
- The local labour market is reaching a point of saturation – the rise in employment is conditional upon the import of workforce.

Labour market projection 2030

Employment in 2024: 1.71 million vs. 2030: 1.91 million (+ 200 thousand)

Unemployment: below 50 thousand

Workforce import

A record number of permits issued to foreign construction, tourism and hospitality workers. The CES needs to develop integration and employer support programmes.

Activation of local workforce

Encourage employment of inactive women, repatriates and senior citizens via flexible employment and training models.

Active ageing

Promote longer employment of senior citizens with adjusted terms of employment, employer counselling and development of intergenerational programmes.

Source: CES projections, CBS, Eurostat; trend analysis 2024–2030.

4.2.4. Market gaps and the need for lifelong learning

Despite generally low unemployment rates, **structural unemployment** and supply and demand gaps with regard to skills remain a challenge. Croatian employers often point to the **shortage of qualified workforce** in specific industries, such as **tourism & hospitality, construction, healthcare, education and social welfare**, while certain groups of unemployed are having difficulty finding jobs due to obsolete or insufficient qualifications. This gap indicates a need for intensified **advanced training, reskilling** and promotion of **lifelong learning**. EU and national strategies (such as the National Labour and Employment Plan 2021-2027) have recognised the fact that ongoing development of skills, in particular **digital and green skills**, must become a standard. Croatia's average rate of adults'

participation in lifelong learning lags behind the EU average rate, which is intended to be improved through education vouchers, on-the-job training programmes, etc.⁷ The CES plays a crucial role in the **mapping of skills required** in the labour market and directing the working-age population toward further education and motivating them. This improves the individual employability rates and competitiveness of the economy and is intended to align the workforce qualification structure with the needs of employers. A low level of Croatian citizens' **financial literacy** remains a notable issue where the CES (in cooperation with the Ministry of Finance) is able to make significant contributions through education initiatives, contents and public promotion of this topic.

Market gaps and the need for lifelong learning

Key challenges

- Despite generally low unemployment rates, structural unemployment rates remain high as a result of gaps between skills offered and labour market requirements.
- Employers have notably reported a shortage of qualified workers in the ICT, tourism, construction and healthcare industries.
- At the same time, some of the unemployed have obsolete qualifications and have difficulty finding jobs.

Skill supply and demand balance

Only 40 % of employers manage to find all the workers they need with the required qualifications.

Intended share of adults participating in lifelong learning by 2030 (Croatia): 25 %.

Education vouchers

These vouchers provide funding for reskilling and advanced training of adults.

On-the-job training programmes

They connect employers and workers via practical learning supported by the CES and funded via ESF+.

Mapping of required skills

The CES develops analytical tools to identify future requirements of the labour market and make individuals aware of the required competences.

OECD also points to an increasing gap between workforce competences and the needs of the labour market, with relatively low inclusion of adults in lifelong learning and limited links between the education system and labour market needs. Digital and green transitions further increase the need to develop a system of adult education and career

counselling, anticipate needs of the labour market and enhance cooperation with employers and educational institutions. Considering these circumstances, the role of the Croatian Employment Service becomes increasingly important with regard to skill development, labour market transition management, and support for lifelong learning.

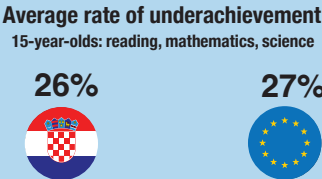
⁷ Skills development, labour and skills shortages in Europe – national infographics series, CEDEFOP (European Centre for the Development of Vocational Training), 02/2025

Croatia

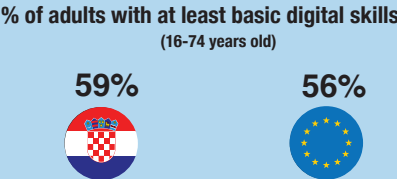
Skill development, shortage of workforce and skills

BASIC SKILLS

Many people lack basic skills such as literacy, computing or digital skills



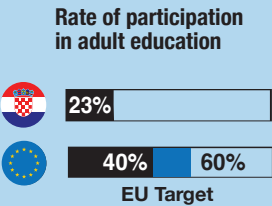
Source: OECD PISA



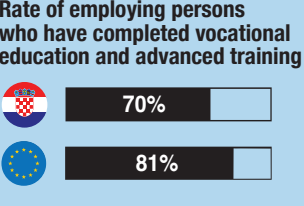
Source: Eurostat Basic Digital Skills

SKILL DEVELOPMENT

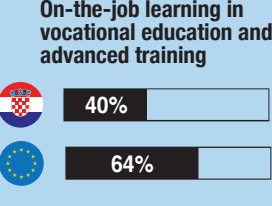
An insufficient number of people acquire skills required for current and future jobs.



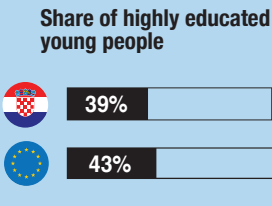
Source: Eurostat Adult education survey



Source: Eurostat Labour force survey

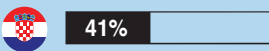


Source: Eurostat Labour force survey



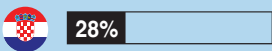
Source: Eurostat Labour force survey

Share of STEM* students in secondary education and advanced training



Source: UOE data collection

Share of STEM students (higher education)



(*) Science, Technology, Engineering, and Mathematics



2.3 BILLION

EUROPEAN SOCIAL FUND+ AND NRRP*

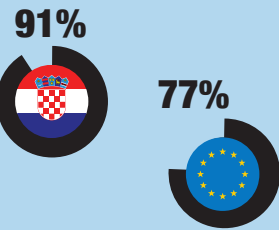
2021-2027 estimated investments in skills

(*) ex ante cost estimate

SHORTAGE OF WORKFORCE AND SKILLS

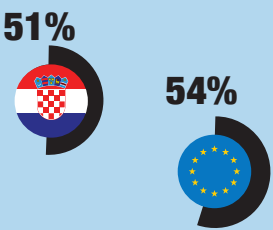
Enterprises have difficulty finding workers with skills required for growth and innovation.

Enterprises reporting shortage of qualified workers as a barrier to investment



Source: EIB Investment Survey

SMEs having difficulty finding workers with appropriate skills



Source: Eurobarometer SMEs and skills shortages

Top-3 high-demand occupations

1. Personal service providers
2. Salespersons
3. Technical workers

Source: Cedefop skillsOVATE/ELA-EURES

Top-3 rising-demand occupations

1. Food preparation assistants
2. Legal, social, cultural and other related associates
3. ICT professionals

Source: Cedefop skills forecast

Source: Skills development, labour and skills shortages in Europe – national infographics series, CEDEFOP (European Centre for the Development of Vocational Training), 02/2025

4.2.5. Work organisation changes (teleworking and new forms of employment)

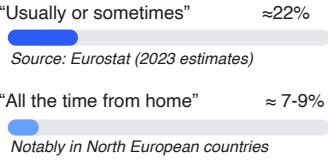
The COVID-19 pandemic has accelerated **changes in work arrangements**, in particular with regard to transition to teleworking and flexible forms of employment. Many companies now offer **hybrid or fully remote employment arrangements**, which allow them to employ people regardless of their geographic locations. At the same time, **platform work** and the gig economy, where workers provide services for a specific project or task, are developing. Instead of traditional employment, such workers provide their services using freelance or platform-based employment models.⁸ The gig economy (flexible, short-term projects) and platform work models are global trends that transform how work is done, notably in the digital and IT sectors. Workers from countries such as India and Pakistan actively use

these platforms to provide IT and other digital services to their clients located in other countries, thus **competing with domestic workers in Croatia**. These trends bring both benefits (more flexibility for workers, larger candidate pool for employers) and challenges with respect to labour rights, social security and monitoring of such work. This means that the CES will need to adjust its services by developing **online tools** for virtual counselling and employment placement, supporting job seekers in finding remote jobs and cooperating with employers hiring teleworkers. The CES should also keep up to date with trends and best practices with regard to such new forms of employment and inform policy makers of any need to adjust legislation.

Future of work in the EU (2030)

Hybrid and remote work • Work from home • Gig/platform work

EU 2023: Work from home



Hybrid arrangements

The share of jobs that can be done on a hybrid basis has been on a constant rise after 2020

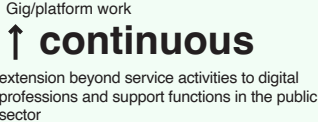


Platform/gig work



- Delivery, transport, microservices and digital projects
- EU legislation focus: worker status, algorithm transparency

Projections 2030



Implications for employment services (such as the CES)

Digital services
Virtual counselling, online employment placement, remote job search tools, validation of micro-qualifications.

Employment rights and quality
Monitoring the terms of remote/gig work arrangements, counselling employers, informing policy makers.

Skills and adjustments
Programmes for digital and independent work, supporting employers in designing hybrid work arrangements.

Notes and sources (summary): Eurostat (work from home); Council of the EU (platform work – infographics); Various EU/WEF sources for 2030 trends and projections

⁸ Graham, Mark and Anwar, Mohammad. (2019). The global gig economy. 10.4324/9780429317866-13. https://workforcew.researchgate.net/publication/337203834_The_global_gig_economy

4.2.6. Geopolitical and economic risks

Global trends and unexpected shocks can still have a significant impact on the Croatian labour market. **Geopolitical risks** such as the war in Ukraine result in inflows of refugees (and their inclusion in the local labour market) and disruptions in energy and economic flows. **Economic cycles**, including potential recession in the European Union, inflationary pressures and financial crises, may temporarily increase the unemployment rates or modify demand for specific profiles. In addition, potential new **pandemics** or adverse climatic events pose a threat to the stability of employment. As regards the current period, the Croatian Government is focused on building labour market resilience: the Government Programme 2024-2028 provides for investments of up to EUR 700 million in employment and aims to increase the employment rate to 75 % until 2028, while reducing the unemployment rate to less than 5 % - both these targets were achieved as early as 2025.⁹ Despite the positive outlook (annual economic growth rate of ~3 % and further decline in unemployment rates), the CES must develop **crisis response scenarios**, including but not limited to plans for quick employment placement in case of major redundancies in a specific industry, **upskilling** programmes to respond to any rapid structural changes, and capacities for the integration of foreign workers or repatriates into the labour market if the prevailing geopolitical circumstances result in migrations. Strong adaptability and coordination with other institutions will be crucial with regard to risk management. Geopolitical changes accelerate investments in the defence industry within the EU, where part of such funds allocated to defence are actually infrastructural investments (to widen roads, improve bridges and railway tracks, etc.).¹⁰ This will not only increase the demand for staff needed in such industries but also workforce mobility (thanks to improved transport connections).

(Note: The external environment analysis is based on the information and projections available in mid-2025. Primary sources used for the purposes of this analysis: WEF Future of Jobs Report 2025, OECD Employment Outlook 2025, Cedefop forecasts, Croatian national plans, etc., which corroborate the trends described.)



⁹ Croatian Government Programme 2024-2028 https://vlada.gov.hr/UserDocsImages/ZPPI/Dokumenti%20Vlada/2024/Program_16_Vlade_RH.pdf

¹⁰ The EU *Readiness 2030 strategy* (formerly known as ReArm Europe) was introduced in response to geopolitical threats, in particular the war in Ukraine and uncertain cooperation with the U.S.A., for the purpose of increasing the autonomy and investments in the EU defence industry. The plan mobilizes hundreds of billions of euros to enhance defence capacities. *The White Paper for European Defence – Readiness 2030* confirms that the Member States’ defence expenditure has increased by 31 % since 2021, reaching approximately EUR 326 billion in 2024, including EUR 102 billion in defence investments. (Source: https://commission.europa.eu/document/download/e6d5db69-e0ab-4bec-9dc0-3867b4373019_en)

4.3. SWOT analysis

(internal strengths and weaknesses, external opportunities and threats)

The main internal **strengths and weaknesses** and external **opportunities and threats** of the CES were identified by evaluating the CES’s current situation and the trends expected to prevail until 2030. A SWOT analysis provides a summary of the areas to be relied upon or improved (S/W) and external factors where opportunities should be taken or risks reduced (O/T).

Labour market analysis involves research into the CES external and internal environment. The tool we use for this is the SWOT analysis, which identifies market opportunities and threats, as well as the strengths and weaknesses of the organisation itself.

S	W	O	T
STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
• What are the CES strengths? • What do we do better than others? • What unique or cheaper resources can we use, which others cannot? • What do people in our field of work see as our strengths? • What factors contribute to our success? • What makes our work valuable, appreciated and wanted by our clients?	• What could we improve? • What components of our activities lack resources? • What should we avoid? • What do people in our field of work consider to be our weaknesses? • What factors damage our reputation and customer satisfaction?	• What good opportunities can we see in the market? • What improvements are our clients requesting? • What interesting trends are we aware of? • What would make a difference to our customers (make their lives and work easier and bring them an advantage)? • How can we turn our strengths into opportunities?	• What threats do we face? • What do our competitors do? In what ways are they better, faster or more advanced? • Are the quality standards of the services/products we offer changing? Or customer expectations? • Is technological development affecting our position? • Do we have problems with financing or investing? • Can any of our weaknesses seriously jeopardise our business?

Internal strengths and weaknesses vary widely for different organisations, and can be categorised into (1) management and organisation, (2) operations, (3) finance, and (4) other factors. In the analysis of the external environment, we take into account factors that can be grouped into the following categories: economic, social, political and legal, technological, environmental, ethical, and others. The most important part of the external environment is the industrial (customers, suppliers, competition).

4.3.1. Strengths (internal)

- **Widespread network and reach of services:** The CES operates an elaborate territorial network (regional units, offices and outlets across the country) and has become recognised as a leading stakeholder in the labour market. This allows for good coverage and access to customers in all regions.
- **Experience in implementing measures and programmes:** The CES's extensive experience in implementing ALMP measures, employment placement and participation in EU projects makes it operationally proficient. The EU-funded projects implemented by the CES (e.g. professional training, public works, self-employment grants) have strengthened its capacities.
- **Proficient employees and counselling services:** Employees of the CES are equipped with specific skills in the fields of career counselling, psychological evaluation, employer relationships, etc. The CES has developed dedicated facilities, such as the **CISOK Information and Career Counselling Centres**, to extend the range of its services available to individuals.
- **Partnerships and cooperation:** The CES has cooperation arrangements in place with a number of partners – from employers (recruitment projects, job fairs) to educational institutions and local communities. This network of partnerships forms a basis for **further development of active measures** and adaptation to local requirements.
- **Information system and databases:** Although there is still room for improvement, the CES holds an extensive set of data on unemployment and employment rates and the labour market in general. The existing databases (e.g. registration and employment statistics, records) serve as a foundation for **trend analysis and tracking**, which may be used to improve service management if duly upgraded.
- **Digitalised processes and services (by the end of 2026):** Most of the CES's processes were digitalised before 2026. The databases of the CES, the Croatian Pension Insurance Institute and the Tax Administration were connected to provide for a real-time **single view** of customer status.
- **Speed and adaptability in response to emergencies** – Demonstrated during the COVID-19 pandemic, the energy crisis, high inflation, sudden spike in demand for foreign workforce...

4.3.2. Weaknesses (internal)

- **Labour turnover:** New employees stay for a short period of time, whereas some longtime employees leave the CES because they have become attractive to other employers that will offer them better remuneration packages.
- **Burden on counsellors:** As a result of employee attrition, work must be reallocated to other employees, whose workloads grow until new workers are recruited and onboarded to fill the vacancies.
- **Limited material and human resources:** Although the widespread network operated by the CES is one of its strengths, this width requires adequate resources to ensure that it is able to provide the same standard of service across the country. Considering the shortage of available resources (e.g. vehicles, staff, availability and quality of communication infrastructure), the level of service provided to remote locations/employers may be inferior compared to the services available in major hubs.
- **Inadequate competences in new fields:** Traditionally, the professional profile of a CES employee is focused on benefits administration and basic employment placement. Staff lack specific competences that are becoming crucial (e.g. **digital skills and proficiency in using AI tools, data analysis, foreign language proficiency, advanced counselling techniques**). The existing human resources must be systematically trained for their new roles (e.g. career counsellor, labour market analyst).
- **Varying business cultures across a very widespread network:** Work habits, professional communication, teamwork and mutual support, job and career views, professional proactivity... There are major differences between organisational parts. The CES should work on building a uniform culture, appropriate to the new age.
- **Insufficiently targeted and tailored communication with customers and the public:** Although the CES's communications have intensified and grown in scope (compared to the preceding strategic period), the CES must replace its generalised and broad information campaigns with dedicated communication with target groups of customers (or even individual customers) in a way tailored and interesting to them. The channels and methods of such communication must be in line with the prevailing trends (current social networks, social media, micro-targeting, podcasts and videocasts, etc.)
- **Organisational culture lacks innovation, flexibility and independence:** While the organisational culture fostered by the CES is stable and cohesive, it focuses on stability and procedure rather than innovation and development. The employees are loyal, albeit not highly engaged – they feel secure but fail to identify sufficient opportunities for growth. It is necessary to improve their involvement, autonomy and innovation, especially in regional offices, and update the reward and performance management system.¹¹

4.3.3. Opportunities (external)

- **National and EU strategic frameworks in the field of employment:** Employment and skill development are major priorities to the Croatian Government and the European Commission. The Government Programme 2024-2028 and the newly announced EU initiative and envelope will secure **considerable funding** for activation measures, digital and green skills, integration of vulnerable groups, etc. This gives the CES a framework suitable for improving its programmes via projects and partnerships.
- **Technological innovations to improve services:** The availability of new technologies (artificial intelligence (AI), big data analytics, chatbots – e.g. CES for youth counselling) allows the CES to update its approach to customers. For example, **AI-based un-employed profiling systems** can help with early detection of people exposed to the risk of long-term unemployment and individualisation of support. Digital platforms can allow for a one-stop-shop service – integrated application submissions, registrations and online information support.
- **Demographic change as an opportunity to offer new services:** The ageing population and labour shortages have caused the CES to refocus by extending its scope to include **activation of inactive persons** (e.g. programmes for pensioners who are willing to work, developing a voucher scheme designed specifically for pensioner reintegration purposes) and **migration management** (foreign worker employment placement services, integration of foreign workers via language courses and counselling). The CES thus becomes a major player not only in the field of providing employment placement services to unemployed persons but also in the **general management of labour supply** in Croatia.
- **Partnerships with employers, local communities (local and regional self-government) and trade unions:** Employers are interested in working with the CES on tackling challenges resulting from the labour shortages and skill development. By launching initiatives such as CES Partner Employer (certification of employers cooperating with the CES), implementing joint training programmes (tailored to specific sectors) and entering into local **employment pacts**, the CES can reinforce its role as a business partner to corporations. In addition, partnerships with educational institutions (primary and secondary schools, faculties, Regional Competence Centres) provide an opportunity to effectively **align curricula with the requirements of the market**, where the CES is able to provide data support and advice.
- **ESF+ and other EU funds 2030:** The 2021-2027 EU financial perspective allocated to Croatia a considerable funding package to invest in people (more than EUR 2 billion under ESF+ for a wide range of measures). The **Just Transition**, Erasmus+ (learning mobility) and other funds will remain available until 2030. The CES is able to prepare high-quality programmes and secure **steady sources of funding** for its development activities beyond its general budget, which will accelerate the implementation of its strategic objectives.
- **Helping achieve positive outcomes of demographic change:** As the CES is a crucial link in the chain of worker repatriation, provision of required foreign workforce and following up on its integration into the labour market and their competences, it is able to take constructive action to boost positive outcomes of the inevitable processes of migration and adaptation of the local culture to such trends.

4.3.4. Threats (external)

- **Demographic workforce shrinkage:** Current demographic trends (ageing population, negative natural growth, outflow) are present both in Croatia and across the European Union and may lead to a **shortage of local workforce** in many trades. It is possible that there will be almost no unemployed persons in the CES's records in certain regions, while employers are unable to find labour. This compromises the relevance of the CES's traditional services and requires refocusing on services offered to employed persons and employers.
- **Rapid technological change and obsolete skills:** The pace of change (AI, automation) may result in **qualifications becoming obsolete** faster than the education and training systems are able to adapt to it. Unless the CES develops agile upskilling programs, there is a risk of an increasing number of people losing their jobs due to technology. In addition, unless the CES implements new technologies, it may become inferior to alternative employment placement platforms (e.g. private online portals, LinkedIn, agencies) with regard to employment placement efficiency.
- **Economic crises and shocks:** A global recession or any other economic shock may temporarily increase the unemployment rate and **overload the CES's capacities** (e.g. sudden inflow of new customers, increase in benefits paid). Although the employment projections are favourable, the CES must take into account cyclic variations because it has already experienced such changes several times in recent history and must be ready to respond to them in an equally fast and flexible manner.
- **Legislative and institutional changes:** A reform of the social welfare system or the pension system or changes in labour legislation may affect the CES's responsibilities and workloads. For example, the introduction of **universal income** or greater decentralisation of employment units would change the CES's role. In addition, political or social instability or frequent changes in leadership may impede the continuity of strategic projects.

While the above SWOT analysis confirms that the CES operates on solid foundations (network, experience), it also clearly identified room for improvement (digitalisation, employee competences, image). Until 2030, the external context will provide great opportunities (funding, technological innovation, demand for services) but also carry certain risks (demographics, migrations, technology, finance) that need to be actively managed. Accordingly, the CES has defined the following strategic targets.

¹¹ Croatian Employment Service Climate and Job Satisfaction Analysis – 2025 Survey and Comparison to 2024

Strategic Targets of the CES (2026-2030)

5. Strategic Targets of the CES (2026-2030)

To accomplish its mission and vision, the CES will implement **strategic targets** classified in four perspectives according to the **Balanced Scorecard** model: **(K)** customers and partners; **(P)** internal processes; **(R)** learning, development and technology; and **(F)** finance. Key targets (3-5 targets) have been defined for each perspective, including

their explanations and **key initiatives** to be launched by the CES until 2030. These targets are aligned with the relevant national and EU strategic guidelines, including the European Pillar of Social Rights (EPSR), Digital Compass 2030, European Green Deal, and the relevant national development plans.

CLIENT

- Types of services
- Accessibility
- Quality

We develop our services for clients with various needs. They expect the services we offer to be adjusted to those needs, accessible, and of high quality, so that, in return for the time and effort they invest in using them, they get what we have promised to provide. From this point of view, we ask ourselves: 'What are our target groups of clients?', 'How satisfied are they with the existing services?', and 'How can we satisfy their current and future needs?'

PROCESSES

- Pace of work
- Creativity
- Productivity
- Costs

Our processes comprise all those taking place within the CES and between the CES and its partner organisations; they contribute directly to the realisation of our organisation's goals. Processing a compensation request is an example of such a process. From this point of view, we ask ourselves: 'What is it that we have to do well?', 'Which key activities do we need to improve to be successful?', and 'Which processes can we speed up and shorten to make our services more dynamic?'

DEVELOPMENT

- Competencies
- Technology
- Culture

Our technological development, as well as the development of our employees' knowledge, skills and competencies, directly affects the quality of our internal processes. While the development of HR includes professional and managerial competencies, strategic focus, engagement, and the quality of organisational culture and climate, technological development implies IT tools, digitisation, digitalisation and the digital transformation of our operations. Hence, the question we ask ourselves is: 'Does our staff have at their disposal all the tools and competencies needed for their work to be successful?'

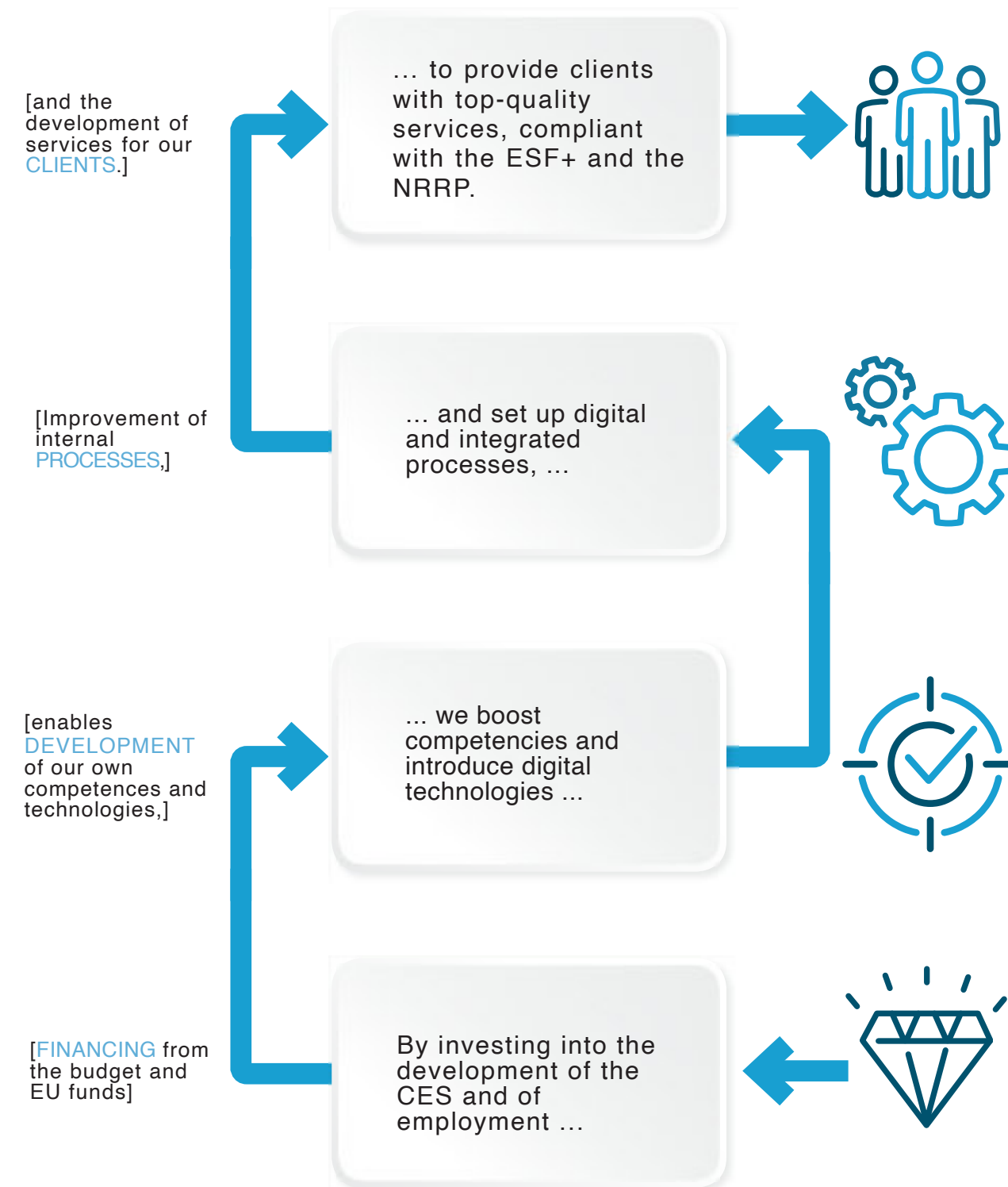
FINANCING

- Responsibility
- Transparency
- Value for stakeholders

Our work is financed by taxpayers – Croatian and EU citizens – the former via the national budget, and the latter from funds such as the European Social Fund. These funds are invested into our country's labour market, into increasing the employability and competitiveness of workers sought at the national labour market by employers. From this perspective, we ask ourselves: 'Are we managing the funds entrusted to us in a responsible and transparent way, creating the value expected by all our stakeholders?'

Our strategy, in one sentence

Croatian Employment Service, 2026-2030



5.1. Customer perspective (persons unemployed and employed, employers, partners) (K)

This perspective aims to increase the value provided by the CES to external customers – the unemployed, persons seeking to change their careers, employers, and society as a whole. It focuses on improving the services offered to individuals and enhancing cooperation with employers and other labour market partners.

5.1.1. Increase employability and sustainable employment of customers

Explanation: The CES endeavours to contribute to national and EU targets to reduce unemployment and increase the employment rate (EPSR target: an employment rate of 78 % until 2030). Special emphasis is placed on **vulnerable groups** having difficulty finding jobs: long-term unemployed, persons with disabilities, young people without any experience, NEET, inactive persons, minorities, war veterans, etc. Provision of assistance and support in acquiring new and improving existing skills through

inclusion in educational programmes and/or on-the-job training programmes via ALMP measures, vouchers or professional rehabilitation for persons with disabilities, and in becoming employed or finding suitable jobs. This boosts social inclusion and reduces inequality, in the spirit of the “equal opportunities” and “access to the labour market” EPSR principles. The aim is to enhance life skills, motivation, activation and social integration by acting in a multidisciplinary way and using a segmented approach.

Key initiatives until 2030:

- **Develop activation and employment programmes dedicated to vulnerable groups:**

The CES will develop and implement programmes focused on groups that encounter major barriers to employment, such as long-term unemployed, young people without any experience or persons with disabilities. These programmes will combine education, training and employment incentives. The aim is to increase employability and reduce the risk of long-term unemployment.

- **Establish an integrated model for cooperation with local stakeholders:**

The CES will strengthen its cooperation with local and regional self-government units, the social welfare system and civil society organisations on the implementation of activation activities. A coordinated approach will facilitate the identification of customer needs and allow for the provision of tailored support. This will increase the efficiency of interventions and inclusion of hard-to-employ groups.

- **Introduce an employment sustainability monitoring system:**

For example, use brief employer surveys to monitor the performance of vulnerable group customers immediately after their employment and intervene by providing support in the course of their employment (counselling/mentorship) if the employer is found to be dissatisfied for the purpose of increasing the likelihood of workers remaining in employment.

5.1.2. Increase activation, outreach and inclusion of hard-to-employ and inactive persons

Explanation: The aim is to improve the quality of the CES’s services to ensure they are as tailored **as possible to the individual needs** of each customer and easily accessible to everyone. This implies improvements in **in-depth counselling** – profile each customer based on distance to the labour market and develop individual career plans, in particular for hard-to-employ and long-term unemployed persons, as well as inactive persons in the labour market.

Key initiatives until 2030:

• **Develop proactive and systematic models for reaching inactive persons:**

The CES will develop models for actively reaching out to persons who do not appear in its records but may be used as labour. This includes cooperation with other institutions and using available information to identify target groups. The aim is to enhance the participation of inactive persons in the labour market.

• **Develop individual approaches to activation based on profiling and individual plans:**

The CES will enhance its customer profiling system to better identify their needs and barriers to employment. This will be used as the basis for forming individual plans including a combination of services and measures. This will make the activation and employment efforts more effective.

• **Programmes to reintegrate specific groups in the labour market:**

The CES will develop programmes dedicated to groups such as migrants, repatriates, long-term unemployed and inactive persons. These programmes will include customized forms of support, including education and counselling. The aim is to facilitate their return to the labour market and increase their social inclusion.

5.1.3. Improve the availability, quality and timeliness of services

Explanation: During the upcoming period, the CES will ensure that its services are available on an omnichannel basis (physically in offices, online, via e-mail, via mobile apps, via Career Counselling Centres, etc.). The CES aims to ensure that its customers (unemployed persons and employers) are satisfied with the service it provides and perceive the CES as a true partner in achieving their aims (to find employment or workers). This is in line with the EU trend of modernising public employment services and its “customer-centric service” principle. To allow the dynamic labour market to operate, it is of utmost importance to ensure that the CES actively cooperates with **employers, trade unions, the education sector and local communities**. The aim

is to position the CES as a **key partner** to employers in meeting their demands for workforce – inevitable not only in employment placement administration but also in providing complex services such as defining the required skills, organising specific training courses and quickly responding to requests, in accordance with trade unions’ recommendation to ensure that both foreign and local workers remain protected. Special attention will be focused on adapting the CES’s services to the requirements of employers employing foreign workers and ensuring that foreign workers are better informed of their rights and obligations and their options to become integrated into the labour market.

Key initiatives until 2030:

• **Establish an omnichannel service model:**

The CES will ensure that its services are available via multiple channels – physical, digital and mobile – to ensure that its customers are able to use their preferred options of accessing its services. The integration of these channels will allow for a uniform customer experience.

• **Lay down a new communication strategy for the CES:**

Aligned with the CES Business Strategy 2026-2030.

• **Develop digital services and tools for customers on a self-service basis:**

Introduce a CES mobile app to allow the unemployed to view their statuses, apply for measures and chat with counsellors, while at the same time allowing employers to post their job advertisements and view candidates. Implement a virtual assistant (chatbot) for basic queries on a 24/7 basis. Develop interactive online AI-based self-service tools – for example, for self-assessment of skills, guided CV writing or e-learning to find a job. The aim is to have at least 80 % of customers use the CES’s digital services (while maintaining the traditional channels for those who prefer personal contact) until 2030.

• **Introduce a customer experience management system:**

Redesign the official website and Job Exchange to improve their visibility and user friendliness. Introduce periodic job satisfaction surveys for the unemployed and employers and track the CES’s NPS (Net Promoter Score). Improve the services on an ongoing basis based on feedback received. Aim: increase customers satisfaction with the CES’s services by 20 % (as per surveys) between 2026 and 2028 and by 50 % by 2030. Boost the CES’s presence in social media offering educational content (e.g. employment-related videos, employer presentations). Introduce a newsletter for employers with news regarding grants and the labour market. The aim is to enhance the visibility of the CES and raise customer awareness of the services available.

5.1.4. Improve matching skills with labour market requirements

Explanation: The CES is not merely a service for finding jobs for the unemployed – its role includes a broader mission of developing workforce competences in line with the future market requirements to enhance the employability of individuals and competitiveness of the economy. Pursuant to the relevant EU policies (action plan to implement the European Pillar of Social Rights, Digital Compass and Green Deal), the action plan intended to develop skills in the context of green activities and the Croatia Digitalisation Strategy 2032, the CES will in particular be focused on digital and green skills. The

aim is to allow workers (both the unemployed and those seeking to advance) to acquire the knowledge expected to be in demand in the upcoming years – such as digital literacy, basic and advanced IT skills, knowledge in the field of energy efficiency, sustainable agriculture, new manufacturing technologies, etc. The CES will thus contribute to the achievement of the relevant European targets (80 % of individuals possessing basic digital skills) and facilitate the transition to “**jobs of the future**” replacing obsolete occupations for individuals.

Key initiatives until 2030:

• Map and anticipate required skills:

Establish a “skills intelligence” system – ongoing monitoring of job advertisements and conducting surveys with employers to identify key skills needed by employers. Use this feedback to train the CES’s AI tools and chatbots, thus referring the unemployed to the most promising training programmes.

• Extend and focus education and training programmes:

Ensure that several thousand persons unemployed and employed persons participate in advanced training programmes co-funded via vouchers. Also, encourage the use of vouchers among employed persons whose skills are under threat of becoming obsolete (in cooperation with employers).

• Enhance cooperation with the education system, employers and social partners:

Actively cooperate with the Ministry of Science, Education and Youth, the Agency for Science and Higher Education, the Agency for Vocational Education and Training and Adult Education and colleges on aligning their curricula with labour market requirements. Provide information on shortage and surplus occupations and indicate needs to adapt. Social partners, in particular the representatives of employers and trade unions, will also be involved in the processes of identifying needs for skills and planning educational activities. In addition, the CES will maintain its partnership with universities via Career Counselling Centres by offering the CES’s services (counselling, matching) to students while they are still studying, as well as by organising specialised job/career fairs in cooperation with employers. These events will serve to match employers with potential candidates and present reskilling options. In addition, the CES will conduct media campaigns to raise public awareness of the conditions and needs in the labour market in the light of digital transformation and green economy.

Key initiatives until 2030:

• Review and optimise business processes:

Conduct a thorough analysis of all important internal processes. Eliminate duplication and redundant checks and reduce the number of required documents and signatures. Use the Lean methodology to eliminate time wasting – for example, reduce the duration of decision-making as part of the self-employment grant process from 30 to 15 days on average and the number of approval levels.

• Digitalise and automate duties:

Introduce **Robotic Process Automation (RPA)** for routine administrative duties – for example, automated application verification, generation of standardised decisions, etc. Maintain the digitalisation efforts and transition to **e-documents** in communication with customers (allow for all correspondence to be conducted electronically). The aim is to completely eliminate all paper documents from all internal activities by 2027 and to have 80 % of **routine transactions** (registration, deregistration, applications) performed without any physical human processing.

• Develop an integrated information system:

Upgrade the CES’s IT system by creating a single platform that integrates all modules (records, benefit payments, measures, statistics) and is connected with other relevant databases (Croatian Pension Insurance Institute, Ministry of the Interior for foreign workers, educational system). Such a system will allow employees to enter data only once and use them for various purposes, thus avoiding multiple maintenance of identical records. The CES will prioritise the establishment of direct real-time data exchange with the Croatian Pension Insurance Institute and the Tax Administration to allow for automated updating of customer statuses.

• Use advanced tools for labour market matching:

The CES will upgrade its employment placement processes by using digital labour market matching tools. These matching systems will be developed on the basis of identified needs for local and foreign workforce. This includes developing and implementing a system that allows more accurate matching of customer competences with the needs of employers by using the available information about customers’ skills, experience and preferences. Special emphasis will be placed on automated recommendations and provision of support to counsellors in the employment placement process. The aim is to increase the employment success rate, reduce the time to fill vacancies and improve employment quality.

5.2. Process perspective (P)

This perspective is focused on how the CES operates – how to organise internal processes and procedures to provide customers with services in a more efficient and expedient way. By achieving its targets concerning internal processes, the CES will improve its operational efficiency, service quality and innovation, as well as its cooperation within the organisation and with external institutions.

5.2.1. Improve the efficiency of employment placement activities and match supply with demand in the labour market

Explanation: The aim is to **simplify, accelerate and digitalise** the key processes within the CES to reduce its administrative burden and increase efficiency. This includes reviewing and redesigning the existing procedures (e.g. for processing benefit applications, granting employment incentives, etc.) and eliminating any redundant steps or bureaucratic barriers. These

processes need to be **standardised** and integrated across the organisation – from the central office to regional units – by using uniform IT solutions. This will ultimately result in a more expedient customer service and more time for employees to focus on counselling instead of paperwork.

5.2.2. Enhance individual approach and customer profiling

Explanation: The aim is to improve the approach to interacting with customers by developing a profiling system that will help the CES better understand their needs, potentials and barriers to employment. Based on the outcomes of profiling, customers will be provided with individualised services and combinations of

measures matching their distance to the labour market. Special emphasis will be placed on customers exposed to higher risk of long-term unemployment and social exclusion. This improves the efficiency of interventions, quality of service and likelihood of being employed.

Key initiatives until 2030:

• **Enhance the profiling system:**

The CES will develop a profiling methodology that allows customers to be segmented based on their characteristics and distance to the labour market. Profiling will initially be based on a combination of administrative information and counsellor evaluations, gradually introducing advanced analytical tools. The aim is to improve the accuracy of referring customers to appropriate services and measures.

• **Develop individual plans and approaches to customer interaction:**

The results of profiling will serve as the basis for creating individual plans including a combination counselling services, education and active labour market policy measures. The approach will be tailored to customer needs, while progress will be monitored and activities will be adjusted on an ongoing basis. This will improve the efficiency of activation and employment efforts.

• **Strengthen counsellor capacity for individualised customer interaction:**

The CES will invest in the development of its counsellors' competences, in particular with regard to their counselling skills, interaction with vulnerable groups and the use of information as part of customer interaction. This will ensure that high-quality, individualised support remains available. The aim is to improve service quality and customer satisfaction.

5.2.3. Improve the targeting and efficiency of active labour market policy measures

Explanation: The aim is to ensure that our active labour market policy measures target customers expected to obtain maximum benefit from them and contribute to sustainable employment and reduction of unemployment. This requires improving the targeting system, adjusting the measures to the needs of target

groups, and monitoring their effects on an ongoing basis. Special emphasis will be placed on increasing employment after the measures are used and their cost-efficiency. This will provide better value for the public funds invested and better outcomes for customers.

Key initiatives until 2030:

• **Develop a measure targeting system:**

The CES will enhance its criteria and models for selecting customers for specific measures by using information about their characteristics, needs and likelihood of being employed. This means that such measures will target groups where maximum effect is expected to be achieved.

• **Evaluations and evidence-based learning:**

Introduce periodic programme evaluations – for example, have each major ALMP measure externally evaluated every 3-4 years (impact on employability, cost-efficiency) and use the results to redesign measures. In particular, monitor the sustainability of employment after the measures are used (after 6, 12 and 24 months) rather than output alone (number of immediately employed persons). Strengthen cooperation with academic institutions and institutes that are able to help with sophisticated evaluation methods (randomized trials, impact analyses).

• **Adjust the requirements and implementation of active labour market policy measures:**

The CES will continue to adjust its measures based on labour market requirements on an ongoing basis. This includes simplifying procedures, adjusting eligibility requirements and developing new forms of grants. The aim is to improve the availability of measures and their impact on employment.

5.2.4. Develop data-driven performance-based management

Explanation: The aim is to improve how the CES is managed by systematically using data and performance indicators in decision-making processes. This requires developing a system of KPI tracking, regular reporting and using analytical insight in the planning and implementation of activities. Data-driven manage-

ment allows for timely identification of challenges, making informed decisions and ongoing improvement of the CES's operational efficiency. This increases transparency, accountability and focus on performance on all levels of the organisation.

Key initiatives until 2030:

• **Establish KPI- and OKR-based management on an organisational level:**

A set of key performance indicators (KPIs) has been defined for the CES, which must be aligned with its strategic targets. For example: employment rate within 6 months of registration, average time of unemployment, customer satisfaction, share of employers using the CES's services, utilisation of the measures budget, etc. Improvement of these KPIs requires continuous setting of development objectives, communicating with all employees to ensure they are aware of what needs to be the focus of their efforts, and regularly monitoring their achievement.

• **Enhance the performance management culture:**

Train managers and their teams to use data for decision-making purposes. Introduce reviews of key figures at periodic meetings (so-called performance-review meetings) where the participants will openly discuss the achievement of objectives and reasons for discrepancies and agree upon corrective action. Encourage each regional office to develop its own mini objectives tailored to the local particularities, while ensuring that they act in compliance with the general strategic guidelines of the CES.

• **Upgrade the system of reporting and using data for management purposes:**

The CES will upgrade its reporting system to ensure that the relevant information is available to the relevant managers and employees when necessary. This will accelerate decision-making and allow for more efficient process management. The aim is to ensure that information remains transparent and available across the organisation.

5.2.5. Enhance services by digitalising and standardising processes

Explanation: This target is focused on **ongoing improvements** with regard to the services provided by the CES to its customers and how it provides them from an internal process perspective. The CES needs to set a **standard of service** to ensure that each customer is provided with a consistent high-quality service irrespective of the counsellor or office helping them. This target

also includes improved customer feedback and complaint management to allow employees to learn from each interaction and improve processes. Finally, it also includes developing an internal CRM approach to employers and customers to improve efficiency, quality and customer satisfaction.

Key initiatives until 2030:

• **Establish a standard of service and standardise business processes:**

The CES will define service standards and develop standard operating procedures to ensure that the quality of its service remains on the same level across the organisation. This will improve transparency, efficiency and predictability of customer services.

• **Develop a CRM module to manage customer relationships:**

Implement a module in the IT system to allow for a 360° customer view – cooperation history for employers (ads, vacancies filled, grants) and records of all services provided for the unemployed (training courses, counselling, jobs applied for). This integrated approach will facilitate service personalisation and identification of any areas where a customer may still need assistance.

• **Establish a complaints and suggestions management system:**

Establish a centralised system for registering all customer complaints. Analyse each complaint, respond to the customer within the defined time limit and take corrective action if reasonable. In addition, encourage customers to make suggestions for improvements (e.g. via online surveys or suggestion boxes). Regularly review such suggestions on a management level and incorporate them where possible.

• **Introduce certifications and accreditation:**

Consider obtaining external quality or quality management system certification (e.g. ISO 9001 or specific public sector standards). Continue benchmarking and learning from other European departments (via the European PES Benchlearning initiative) on an ongoing basis to identify any gaps that may exist in the CES and adopt successful peer processes. Continuously train quality managers in regional offices to use new tools and enhancement methods.

5.3. Development perspective (R)

This perspective includes internal growth and development of the organisation – how the CES improves its human resources, technology and organisational culture to achieve its aforementioned objectives. Emphasis is placed on training employees, adopting new technologies, encouraging innovation, and creating a learning organisation.

5.3.1. Develop digital and analytical capacities of the CES

Explanation: To be efficient and provide modern services, the CES must also become **digitally mature** internally. In this context, digital transformation is much more than mere document scanning – it includes **modernisation of IT infrastructure**, use of advanced technologies such as AI for decision-making purposes, and

embracing e-management in daily operations. The aim is to ensure that, by 2030, 90 % of the CES’s services are available online and to use AI and analytics to enhance processes and policies. This will make the CES one of the leading public employment organisations in the region in terms of technological innovation.

Key initiatives until 2030:

• **Develop integrated digital solutions and apps:**

Develop a centralised platform dubbed **eHZZ** that integrated all apps and tools and allows for efficient provision of services to customers and support to employees in their work.

• **Enhance cybersecurity and system reliability:**

Considering the increasing number of digital services and data sensitivity, invest in enhancing the CES’s IT system security. Conduct periodic security audits, upgrade the network infrastructure and introduce identity and access management systems. Also, ensure that the system remains highly available (cyber incident recovery plans, backup locations) to ensure that IT interruptions do not paralyze the services.

• **Develop a digital organisational culture and operating methods:**

Encourage employees and customers to prefer digital forms of interaction. Reduce the use of paper within the CES (e.g. internal documents and letters should only be shared electronically via the digital document management information service). Develop a promotional campaign and guides for using e-services for customers. At the same time, maintain a “human approach” where necessary – technology will take over routine tasks, whereas counsellors will continue to provide complex services and support to people who need it.

5.3.2. Enhance employee competences and engagement

Explanation: People are the greatest asset of the CES – it would be impossible to provide high-quality services to customers without having qualified, motivated and satisfied employees. The CES has therefore set a strategic objective to invest in the **education, career development and motivation** of its employees. We seek to transform our administrator role into a **career**

coach and **partner-to-employers** role, which requires new skills. It is also necessary to build a system to identify and reward employee contributions, stimulate innovation and maintain a high level of engagement. We aim to ensure that, by 2030, the CES has a team of experts who continuously learn, adapt to change and readily accept new initiatives.

Key initiatives until 2030:

• **Develop a comprehensive training plan:**

Create a long-term **training schedule** for all employee levels. Introduce a **Digital Academy** for employees – the aim is to ensure that 100 % of staff master the basic digital tools, while additionally training digital ambassadors in advanced IT skills. Launch a certified counselling skill programme (e.g. motivational interviewing courses, coaching techniques) to ensure that our counsellors are able to use modern methods of interacting with customers. The CES should also develop an “**Employer Relationships**” training programme for employees interacting with employers (understanding business requirements, B2B skills). Target: by 2028, have **100 % of counsellors** complete at least one advanced career counselling training course and 100 % of all other professional employees complete training programmes in their respective areas (IT, finance, etc.).

• **Career planning and talent retention:**

Introduce internal mentorships – experienced counsellors should act as mentors to new employees. Define **promotion journeys** within the CES (employer relationship specialists, programme coordinators, experts for specific target groups, etc.) and clearly communicate promotion requirements (career-related development, not necessarily focused on position or pay grade). Allow for **horizontal mobility** – e.g. allow an employee of a specific branch to be assigned to a project implemented at the Central Office and vice versa for the purpose of developing new skills. The aim is to increase employee satisfaction by offering development opportunities and reduce staff turnover.

• **Develop a system for motivating and rewarding employees:**

Update the performance evaluation system – introduce **quality evaluation** components (in addition to quantitative indicators) and take into account **360° surveys** and **customer feedback** regarding the service received from a specific counsellor. Match evaluation results with **rewards**: develop a programme to reward the best teams and individuals (acknowledgements, opportunities to receive advanced training in the country or abroad, financial bonuses, etc.). In addition, foster a praise culture by publicly highlighting good practices and performance.

• **Develop a culture of learning and cooperation:**

Organise periodic “Let’s Share Our Knowledge” internal workshops where employees can exchange experiences (e.g. a counsellor from a specific county can present a successful project to his or her peers from other counties). Encourage bottom-up communication via periodic employee satisfaction surveys and establish a suggestions box (digital) to ensure that the Management Board is kept up to date with the field operations. Develop an atmosphere of confidence where employees are not afraid to present their ideas or try new approaches, even at the risk of failure (because we learn from failure).

5.3.3. Develop an organisational culture focused on performance and ongoing improvement

Explanation: The world of labour is rapidly transforming, and the CES must be ready to **update** its services and processes on an ongoing basis. This target is in particular about establishing a culture where new ideas are encouraged, tested and, if found to be successful, applied. Innovations can be technological but also organisational, programme-related (new active policy measures), etc. By 2030, the CES aims to become a

dynamic organisation that rapidly responds to changes in its environment, experiments with new approaches and learns based on results. This is in line with the applicable European guidelines (the PES Network encourages peer learning and innovation) and experiences of successful organisations introducing innovation labs and pilot projects.

Key initiatives until 2030:

• **Establish an Innovation Lab:**

Form a small multidisciplinary team dedicated to testing new ideas as part of the Central Office. This lab can implement pilot projects in cooperation with selected regional offices – for example, test new counselling methodologies, new apps or different grant models on a smaller scale.

• **Annual employee idea competition:**

Introduce an innovation event (e.g. a hackathon or contest) to be held once a year, where teams of employees can present their suggestions for service improvements or new programmes. The best ideas would receive resources and time for their materialisation. This encourages creativity and a sense of employees’ joint ownership of changes.

• **Cooperation with external partners:**

Engage with the startup community, faculties and other institutions that may help with innovation. For example, cooperate with the Faculty of Electrical Engineering or the Faculty of Science on developing an algorithm to predict unemployment trends; partner with corporations via Corporate Social Responsibility programmes for mentoring the unemployed; take part in international projects to share innovation practices (PES Network, OECD, etc.).

• **Learn from customer evaluations and experience:**

Gradually implement each major innovation or change, including testing and evaluation. Regularly gather customer feedback when introducing new services. Foster an open approach where failure is not punished but analysed as a source of lessons for the future.

• **Revise the service models used as part of the EURES**

to play an active role, meet the targets of the European Pillar of Social Rights and comply with the current EU strategic framework. In addition, exchange and gather experience concerning the service models used as part of the EURES to update the services provided by the CES.

5.3.4. Strengthen capacities for monitoring and predicting labour market trends

Explanation: As a national employment service, the CES should be a **knowledge centre for the labour market** – collect, analyse and disseminate information about employment trends, skills, migrations, etc. This is the foundation for the effective implementation of our mission but also a way for the CES to help create

broader policies (educational, economic). The aim is to develop the most comprehensive and effective **labour market reporting system** in Croatia, which also uses advanced methods to predict future trends. The CES will thus help decision makers and all stakeholders to better prepare for the future of labour.

Key initiatives until 2030:

• **Conduct periodic analyses and projections:**

Institute the generation of labour market reports including summaries of previous trends and projections for upcoming years. Publish short-term analyses every 6 months. These publications should combine information available from the CES, the Croatian Bureau of Statistics, the Croatian Pension Insurance Institute and international sources. For this purpose, consider partnering with well-established analysts and economists.

• **Develop predictive analytics:** Apply machine learning techniques to the CES’s big data sets to predict trends – for example, an early warning system to detect persons under threat of long-term unemployment or identify any regional skill gaps. Integrate these analyses in the work of our counsellors (e.g. the system can suggest to a counsellor which customers he or she should contact for a specific programme) and in measure planning (based on predicted future needs).

• **Create a CES website providing all information about the labour market:**

Upgrade the CES’s website to make it a point of reference for all persons seeking information and analyses about the labour market. Add interactive dashboards where employers, the media and individuals can view current statistics (e.g. real-time view of the number of unemployed persons per profession, top 10 occupations, etc.). The CES will thus enhance its visibility and authority as a source of information.

• **Develop an early warning system:**

Develop indicators to signal any **imbalance** – e.g. sudden spike in the number of registrations regarding a specific occupation or county, which may indicate an issue in a specific company or sector; increased demand for specific worker profiles on portals. In cooperation with the EURES, observe how **migrations and foreign workers** affect labour supply and demand in the Republic of Croatia (inflow of foreign workers from third countries or outflow of domestic workers). Share this information with the relevant authorities (ministries, counties) to allow for quick interventions.

• **Strengthen cooperation in research:**

Partner with research institutions (EKON teams, Ivo Pilar Institute, analytical departments of the Croatian Chamber of Economy, etc.) to conduct in-depth research of topics such as **informal employment, productivity, impact of technology on labour**, etc. The CES can make its information and experts available, whereas our partners can provide methodological support. Publish joint studies and organise conferences and consultations to discuss findings and recommendations for employment policies.

5.4. Financial perspective (F)

This perspective is intended to ensure long-term financial sustainability of the CES, increase the efficiency of using public and EU funding, and enhance the financial management system via digitalisation, data management and stronger controls. The financial perspective should not be viewed as mere cost control but also as an active function allowing the CES to achieve its strategic objectives and increase its social value.

5.4.1. Increase the efficiency of using public funding

Explanation: The CES will enhance its budget planning, implementation and monitoring activities by introducing an integrated ERP system combining the planning, procurement and accounting processes. This will result in greater transparency, improved cost control and timely decision-making. Special emphasis will be placed on replacing retroactive reporting with proactive, data-driven, forecast-based finance management.

Key initiatives until 2030:

- **Enhance the financial planning and budget implementation monitoring system:**
Implement an ERP system integrating financial planning, procurement and accounting to allow for dynamic financial planning and scenario-based modelling. The CES will introduce **predictive risk management models** (e.g. liquidity, noncompliance with plans) and **automated key financial processes** to boost productivity and reduce the administrative burden.

- **Enhance the efficiency and transparency of the public procurement system:**
The public procurement system will be further enhanced to ensure that it provides the best value for money, reduces risks and increases transparency. Our procurement activities will be strategically aligned with our objectives rather than operating as a purely administrative function. Further digitalisation of public procurement procedures and use of electronic tools will standardise our processes to reduce administrative risks and simplify contract performance monitoring and quality control of deliverables.

- **Strategically manage the CES's assets:**
The aim is to ensure that the assets of the CES, being its important financial resources, are managed in a sustainable, economical and transparent manner. Asset management will thus become an active function of operating efficiency.

- **Enhance the finance management, control and internal audit system:**
The CES will develop a finance management and control system to ensure that financial assets are used in a legal, efficient and responsible manner. Internal audit remains a key strategic management tool rather than a purely supervisory function. The internal audit strategy will be aligned with the strategic objectives of the CES.

5.4.2. Increase the effect of investing in active labour market policies

Explanation: The aim is to increase the effect of investing in active labour market policies by allocating funds to best performing measures and customers. Emphasis will be placed on increasing employment rates after the measures are used and their cost-efficiency.

Key initiatives until 2030:

- **Matching financial investments with results of measures:**
Establish a system to monitor the investment-outcome ratio (e.g. employment, sustainability of employment) to ensure that public funding achieves a maximum effect and contributes to employment policy objectives.

- **Enhance the analysis of ALMP measure cost-efficiency:**
Develop a methodology to systematically evaluate the cost of each measure against the results achieved, thus allowing for better understanding of their efficiency and informed decisions concerning their improvement.

- **Allocating funds to best performing measures:**
Based on the results of evaluations and analyses, the measures that achieve the greatest positive impact on employability and inclusion in the labour market, in particular for vulnerable groups, will be prioritised in terms of financing.

5.4.3. Efficiently use EU and other sources of funding

Explanation: The CES will systematically enhance its ability to withdraw, manage and control EU funding, in particular via ESF+. The aim is to fully utilise all sources of funding available to develop the labour market and to digitalise and improve services, subject to high transparency and compliance with the applicable rules.

Key initiatives until 2030:

- **Strengthen capacities for using funding available via ESF+ and other EU funds:**
Enhance the CES's organisational, professional and administrative capacities to fully utilise all EU funding available and ensure that our projects are properly prepared and implemented.

- **Prepare for and participate in the new EU financial perspective (2028-2034):**
Become actively involved in the planning and programming of future EU funds, while preparing projects and priorities in a timely manner to allow the CES to continue to receive funding for its key activities both as a beneficiary and a PT2 institution.

- **Accelerate the project contracting and approval process:**
Optimise procedures and reduce administrative burdens to accelerate project launching and ensure that the funding available is used more efficiently.

- **Digitalisation and automation of EU project monitoring and control processes:**
Introduce digital solutions to monitor project implementation, funding and outcomes to increase transparency, reduce administrative burdens and enhance the control of using such funding.



Monitoring Strategy Implementation (KPI Framework)

6. Monitoring Strategy Implementation (KPI Framework)

The correlations between our strategic perspectives and targets and the KPI (Key Performance Indicator) system of the Croatian Employment Service and the values achieved in 2025 are presented in the table below:

Perspective / Strategic targets	Key Performance Indicator (KPI)	KPI explanation	Performance against KPIs in 2025
(K) Customer perspective - focus: outcomes for customers (employment placement, inclusion, satisfaction) Strategic objectives: K.1. Increase employability and sustainable employment of customers K.2. Increase activation, outreach and inclusion of hard-to-employ and inactive persons K.3. Improve the availability, quality and timeliness of services K.4. Improve matching skills with labour	KPI1 - Employment placement ratio	The percentage of registered unemployed persons who have found a job within a certain period of time after being registered in the CES's records. A high employment placement rate indicates that the CES is efficient in matching unemployed persons with employers. This employment placement ratio can exceed 100 % because a person may be employed several times and re-registered in our records.	133.7 %
	KPI2 - Average Unemployment Duration	The average time in months an individual remains an unemployed person registered in the CES's records before finding a job. It reflects the dynamics of the labour market and efficiency of the CES's counselling and activation services.	5.1 month.
	KPI3 - Long-Term Unemployed Placement Rate	The share of long-term unemployed (persons who have been unemployed for more than 12 months) who have successfully found a job within a certain period of time. It is essential for understanding the efficiency of the labour market and employment policies, in particular with regard to supporting persons facing long-term unemployment.	28.3 %
	KPI4 - Vulnerable Groups Employment Rate	The percentage of the total number of registered vulnerable group members accounted for by registered vulnerable group members who have found a job. It is used to measure the efficiency of employing vulnerable groups and their integration in the labour market.	41.5 %
	KPI10 - User Satisfaction Index (USI)	This indicator measures the overall satisfaction of different user groups (unemployed, employers, active labour market policy beneficiaries) with the services provided by the Croatian Employment Service. Satisfaction is measured using a standardised Net Promoter Score (NPS) system.	-
(P) Process perspective - focus: how the CES operates (employment placement, ALMP, services) Strategic objectives: P.1. Improve the efficiency of employment placement activities and match supply with demand in the labour market P.2. Enhance individual approach and customer profiling P.3. Improve the targeting and efficiency of active labour market policy measures P.4. Develop data-driven performance-based management P.5. Enhance services by digitalising and standardising processes	KPI5 - Job Vacancy Fill Rate	The share of vacancies reported by employers to the CES filled by persons registered with the CES within a specified time. It indicates how efficient the CES is in connecting job seekers with the labour market.	43.5 %
	KPI6 - Training Participation Rate	It indicates the share of persons who have been included in any educational activities delivered or funded by the CES within a specific period of time. This rate shows how efficient the CES is in increasing the employability of its customers and encouraging lifelong learning.	27.1 %
	KPI7 - Activation Rate	The activation rate measures the share of unemployed persons who have been included in any active labour market policy measure within a certain period of time (public works, employment grants, traineeship or I Choose Croatia).	19.2 %
	KPI8 - Rate of job retention support	This indicator measures the share of job retention measure beneficiaries in the total number of ALMP beneficiaries as of the beginning of a given year on a cumulative basis. This KPI does not measure direct activation or employment placement but rather the share of customers who have received grants to prevent their unemployment.	15.4 %
(R) Development perspective - focus: people, capacities, culture Strategic objectives: R.1. Develop digital and analytical capacities of the CES R.2. Enhance employee competences and engagement R.3. Develop an organisational culture focused on performance and ongoing improvement R.4. Strengthen capacities for monitoring and predicting labour market trends	KPI11 - Employee Satisfaction Index	This indicator measures how satisfied the employees of the Croatian Employment Service are with the working conditions, interpersonal relationships, the organisational culture, opportunities for professional development and the work-life balance, as well as their overall satisfaction with their jobs. It measures the percentage of employees who express satisfaction in an anonymous internal employee satisfaction survey.	54 %
(F) Financial perspective - focus: efficiency of using funding Strategic objectives: F.1. Increase the efficiency of using public funding F.2. Increase the effect of investing in active labour market policies F.3. Efficiently use EU and other sources of funding	KPI12 - Average Cost per Beneficiary of ALMP	This KPI measures the average amount of public funds spent by the Croatian Employment Service on one beneficiary of active labour market policy (ALMP) measures. It does not take into account the duration or intensity of specific measures but rather calculates an aggregated average value.	3,477 €
	KPI9 - Employment Rate of Unemployment Benefit Recipients	The employment rate of unemployment benefit recipients measures the share of persons who have been removed from our records while receiving benefits as a result of being employed. This indicator shows how effective the CES is in activating passive beneficiaries and reducing dependence on the social security system.	12.0 %



CROATIAN
EMPLOYMENT SERVICE

BUSINESS STRATEGY
OF THE CROATIAN
EMPLOYMENT SERVICE
2026-2030

Zagreb, May 2026.



