

Investing in Opportunities for All

Increasing labor market
participation of women in Croatia



Gender Equality in Croatia

This brief summarizes the findings of the World Bank report **Investing in Opportunities for All: Croatia Country Gender Assessment**, published in May 2019 (the full report is available at: wrl.d.bg/NHKW30oX-cEp). The report looked at the state of equality between men and women and found that the most severe gaps are in the access to economic opportunities. These are impacted by lack of services (e.g. child and elderly care, skills development and reskilling); supportive policies (e.g. lack of flexible work options); and an enabling environment for entrepreneurship. Labor market participation of women is further constrained by location, age, and ethnicity.

Croatia has made significant progress on including gender equality, both institutionally and legally, into its policy agenda. Certain indicators of gender equality remain strong, such as equitable primary and secondary school enrollment for boys and girls. However, Croatia faces a **significant gender gap in access to economic opportunities**, with a large number of women, youth, retirees, and minorities excluded from the labor market.

Croatia has made significant progress on gender equality - but faces a significant gender gap in women's access to economic opportunities



Labor Market Participation

Croatian women do well in education at all levels, including tertiary education, yet school completion does not translate into higher levels of female labor market participation. Instead, Croatia's overall **employment has a sizeable gender gap**. Compared to 71 percent of active men being employed, only 61 percent of active women have paid jobs. For women, there are changes across the lifecycle, and not for the better: men and women start out at comparable employment levels, but labor market participation of women drops with age. Men in Croatia earn significantly more than women each year. The **average monthly wage** for women is about 86.8 percent of that for men, making working women worse off than men throughout their lifecycle.

The **gender pay gap** leads to a **pension gap**, as a result of which, women face social exclusion, poverty, and economic dependence on their husband or partner after leaving the labor market. Female poverty among the elderly is 35 percent greater than that of elderly males. The numbers reflect the fact that many women do not contribute sufficiently to pension schemes, and do not make enough money to save. This is particularly concerning given that elderly females are poised to represent roughly 15 percent of the country's population by 2035. In the absence of affordable and accessible elder care, older women are also likely to receive less informal care than older men, since women tend to live longer and thus to live alone.

Croatian girls do well in education but these advantages diminish for women

Economic barriers for women increase over the lifecycle



Education

Tertiary education enrollment

78%
of young
women

57%
of young
men

49% more women than men complete tertiary education

Labor Market

Paid jobs



WOMEN

61%

women start out at comparable employment levels with men, but their labor market participation drops with age

RESULT of

- traditional gender norms related to the family (household chores, caring for children and elderly)
- discrimination faced by women aged 25-40 (childbearing age) as they seek work or try to return after starting a family

MEN

71%

- traditional gender arrangements put more pressure on men to provide for their families

32%

of Croatian women ages 25-64 are inactive due to care responsibilities

11.9%

of men do housework

Average monthly salaries

Women earn **86.8%** of men's earnings



Pension

Women receive **21.6%** lower pension payments than men



Part-time employment is a more attractive option for women aiming to reconcile their wish or need to work while still being able to tend to the tasks they traditionally undertake, such as looking after their children. A very low share of those employed work in part-time jobs in Croatia compared to the EU average, due to the scarcity of part-time opportunities in the Croatian labor market, making it difficult for women in Croatia to reconcile their dual roles. The incidence of part-time employment is slightly higher for Croatian women (5.8%) than for men (3.6%), whereas the EU averages indicate a much larger gender difference (30.9% of women and 7.3% of men are in part-time jobs).

Lack of flexible work arrangements makes it difficult to reconcile work with care obligations

Part-time employment

CROATIA

Only

5.8%

of women have part-time jobs

3.6%

of men have part-time jobs

EU

Almost

30.9%

of women have part-time jobs compared to only

7.3%

of men



Croatia has one of the lowest rates of **entrepreneurship** in the EU, and women are much less likely to be entrepreneurs than men. Only 3 percent of women ages 25–29 years are entrepreneurs. Older women are more entrepreneurial, with rates somewhat higher (8.5 percent) for women ages 60–64. However, this is mostly out of the necessity to seek additional income and not due to opportunity.

Barriers to entrepreneurship disproportionately affect women

Women are more likely to resort to entrepreneurship out of necessity (44% in Croatia vs 25% in the EU). This is particularly pronounced for senior entrepreneurs, where more than half (51.5%) make this choice out of necessity (as compared to 21% in the EU).

Women entrepreneurship

CROATIA

44%

of women are entrepreneurs due to necessity

EU

25%

of women are entrepreneurs due to necessity



Women entrepreneurship

3%

women ages
25-29 years are
entrepreneurs

8.5%

women ages
60-64 years are
entrepreneurs

12%

of firms have women
in top management

1/3

of firms in Croatia
are owned by
women



Only about 12 percent of firms have women in top management, and only one-third of firms in Croatia have women as owners. Besides constraints such as lack of access to productive assets, and contributing social norms, there is also an absence of effective and affordable business development services to empower women to take on entrepreneurial roles and start small or larger enterprises. Other bottlenecks for entrepreneurship are the lack of financial and social capital as well as institutions and networks that could give women a collective voice in the marketplace and in the community. The lack of affordable and accessible care services also inhibits women from entering or reentering the labor market.

Care Provision

Unpaid care work is highly prevalent among Croatian women and the lack of childcare options presents a barrier for women reentering the workforce. As of 2017, **32% of Croatian women aged between 25 and 64 were inactive and not seeking employment**, compared to only 6.7% of men (due to having to look after children or incapacitated adults, instead of seeking paid work).

In comparison to the EU, Croatia has a low share of **children under 3** covered by formal childcare arrangements, ranking as the seventh lowest among EU member states.

For children **from age 3 to school age**, the coverage of kindergartens and daycares is strikingly low, at 51%, placing Croatia at the very bottom of EU countries and far below the EU average of 86%.

The low share of preschool-age children in formal childcare is due chiefly to the scarce availability of kindergartens, especially outside urban areas, and societal norms. The short supply of formal childcare would be much more of a barrier for female labor market participation if there was not the widespread practice of grandparents taking care of preschool-age grandchildren. However, this care may not always be available and may not provide the same learning opportunities as formal childcare.

Limited child and elder care provision negatively impact women's labor market participation

WOMEN AND MEN

32%

of women were inactive and not seeking employment due to care responsibilities, compared to only

6.7%

of men



CROATIA

51%

coverage of kindergartens and daycares for children from age 3 to school age



EU

86%

coverage of kindergartens and daycares for children from age 3 to school age

Location and Age

Place of residence plays an important role in determining welfare outcomes among both men and women in Croatia, with rural women faring the worst. **Rural areas remain far behind urban areas** in terms of poverty, employment, education, and access to services, childcare, and elder care. Childcare coverage of kindergartens and daycares is dramatically lower in the regions than in the capital and affects female labor market participation showing **large rural versus urban disparity**. Access to care services in rural and lagging regions is limited. Zagreb city, at 91 percent, has the highest coverage of kindergartens, while coverage in the five less developed counties of Slavonia range from 32 percent to 13 percent.

Household chores and caring for children fall disproportionately on women, and many provide childcare and do not earn or save money. Women often leave paid work in exchange for providing unpaid care for their children and elderly family members. At the same time, traditional gender norms frequently put more pressure on men to provide for their families.

Women who live in rural areas are more severely impacted by barriers to employment

Location

ZAGREB

Kindergarten coverage is

91%

SLAVONIA

Kindergarten coverage range from

32 – 13%

RURAL WOMEN

Ages 30-54

3.6 out of 7

women face the most barriers to enter the labor market



Age

WOMEN 65+

29.5%

of women over 65 live at-risk-of-poverty

MEN 65+

21.9%

of men over 65 live at-risk-of-poverty



CROATIA

Young women NEETs (not in education, employment or training)

19.1%

EU

Young women NEETs

15.4%

The gap in employment between men and women is mainly driven by **low activity among women**, rather than unemployment, due to care responsibilities. Low-skilled rural women with care responsibilities ages 30-54 face the most barriers to access the labor market (3.6 out of 7). These include low education (82% have secondary or less education) and inactivity (72% have never worked).

Elderly women 65+ outnumber men and will be 15 percent of population by 2035. Life expectancy is 81 years for women and 75 years for men, however, women have a lower proportion of healthy life years during their lifetime (72.2 percent) compared to men (76.1 percent). This indicates women live longer and in poverty and poor health compared to men.

Concrete Actions to Close Gaps



Concrete Actions to Close Gaps

Sustainable and effective solutions for improving gender relations in Croatia lie in a whole of government effort covering **education and skills development**, including retraining and lifelong learning; **equity in healthcare**; **provision of care services** to enable women to (re-) enter the labor market; and **inclusive entrepreneurship**. Concretely, the following priorities will need to be addressed:

- 1) **Equity in healthcare** is critical, and specific health outcomes, especially for the vulnerable like older women and Roma women, should be targeted through a whole of society approach so that everyone can grow up healthy. Special attention needs to be paid to healthy aging.
- 2) With regard to the labor market, **workplaces** should strive to become more **flexible** and support **part-time arrangements**, with major efforts to support access for youth, women, and retirees.
- 3) Customized and gender-differentiated **social and economic empowerment** programs for youth and vulnerable groups like **rural women** and **Roma** should be launched.
- 4) **Inclusive entrepreneurship**, which allows excluded groups like NEETs (not in employment, education or training), women, and retirees to generate income through self-employment, should be facilitated. Business support services and capacity building need to be part of the enabling environment for youth and women's entrepreneurship. Business collectives that address the multiple constraints that low-skilled rural women face should be actively encouraged. International experience has shown that self-help groups and cooperatives provide them a collective voice in the market and community and enables linkages to value chains. This will enable women to take on non-traditional positions in the labor market to fill skills and service gaps.

- 5) Investment in quality, accessible, and affordable **child and elder care services** is a must in order to alleviate pressure on families. This is a prerequisite for women to enter the labor market. Elder care, particularly non-institutional care, that encourages active aging in place is not just a social imperative, but a pressing economic need given the rapidly aging population. The unmet needs for elder care should be estimated and met in innovative ways.
- 6) **Active aging** should be an aspirational norm given that the elderly, including the frail elderly, are going to be a significant part of the population. With dependency ratios falling and outmigration of skilled younger people, avenues need to be created for skilled retirees to mentor youth, for retirees to be retrained **to fill labor market gaps**, and for them to be productive through entrepreneurship.
- 7) Actions involving multiple sectors are required to improve voice and agency for marginalized groups such as **rural women, LGBTI people, and the Roma**, and to prevent and address **gender - based violence (GBV)**.

Actions by The World Bank in Croatia


The World Bank is committed to actively support the Croatian government in closing gender gaps. It has developed a **Croatia Country Gender Roadmap for 2019-2024** that lays out concrete steps to address the gaps through its own portfolio and active advocacy and partnership with government and other stakeholders. Actions taken so far include - as part of the support to increasing growth and jobs in Slavonia, a lagging region - the design of a project for inclusive entrepreneurship for low skilled rural women who face the greatest barriers to entering the labor market. An assessment of the barriers to labor market participation faced by women in Croatia is currently underway. The findings will help to identify concrete interventions to lower these barriers. The World Bank will continue to track its progress towards this goal.



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