EIB Group survey on investment and investment finance 2020
Country overview

Croatia
EIB Group survey on investment and investment finance 2020.
Country overview: Croatia
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About the EIB Investment Survey (EIBIS)
The EIB Group Survey on Investment and Investment Finance, which has been administered since 2016, is a unique, annual survey of some 13 500 firms. It covers firms in all European Union Member States and also includes a sample of firms in the United Kingdom and the United States.

The survey collects data on firm characteristics and performance, past investment activities and future plans, sources of finance, financing issues and other challenges that businesses face. The EIBIS, which uses a stratified sampling methodology, is representative across all 27 EU Members States, the United Kingdom and the United States, as well as across four classes of firm size (micro to large) and four main economic sectors (manufacturing, construction, services and infrastructure). The survey is designed to build a panel of observations, supporting the analysis of time-series data. Observations can also be linked back to data on firm balance sheets and profit and loss statements.

The EIBIS was developed by the EIB Economics Department. It is managed by the department with the support of Ipsos MORI.

About this publication
The series of reports provide an overview of data collected for the 27 EU Member States, the United Kingdom and the United States. The reports are intended to provide a snapshot of the data. For the purpose of these publications, data are weighted by value-added to better reflect the contribution of different firms to economic output. Contact: eibis@eib.org.

Download the findings of the EIB Investment Survey for each EU country or explore the data portal at www.eib.org/eibis.

About the Economics Department of the European Investment Bank
The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in its positioning, strategy and policy. The department and its team of 40 economists is headed by Debora Revoltella, director of economics.

Main contributors to this publication
Rozália Pál.

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The views expressed in this publication are those of the authors and do not necessarily reflect the position of the EIB.

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Ipsos Public Affairs works closely with national governments, local public services and the not-for-profit sector, as well as international and supranational organisations. Its around 200 research staff in London and Brussels focus on public service and policy issues. Its research makes a difference for decision makers and communities.

For further information on the EIB’s activities, please consult our website, www.eib.org. You can also contact our InfoDesk, info@eib.org.

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EIBIS 2020 – Croatia

KEY RESULTS

Investment Dynamics
With the COVID-19 crisis affecting the economy, investment in Q2 2020 is 16.5% below the pre-crisis 2019 level and halts the positive investment dynamics. COVID-19 has affected firms’ investment strategies for 2020 with more than half of firms (52%) investing less than planned. This is above the EU average (45%).

Investment Focus
Around a quarter (28%) of firms with investment plans for the current financial year, plan to abandon or delay their investments as a result of COVID-19, this is in line with the EU average (35%). While a similar share of firms with investment plans (27%) report they will continue on with at least some of their investment plans at a reduced scale or scope, more than the EU average (18%).

Across all sectors, the biggest long term impact of COVID-19 is expected to be the increased use of digital technologies (48%).

Investment Needs and Priorities
Almost seven in ten firms (69%) in Croatia were operating at or above full capacity during the last financial year, an increase on EIBIS 2019 (54%) and now above the EU average (61%).

Looking ahead to the next three years, replacing existing buildings, machinery, equipment and IT and capacity expansion are most commonly cited as firms’ main priorities (both 37%).

Innovation Activities
More than one-third of all firms (35%) developed or introduced new products, processes or services as part of their investment activities.

Three in five firms (62%) in Croatia have implemented, either fully or partially, the digital technologies they were asked about. This is in line with EIBIS 2019 and with the EU average (both 63%).

Drivers and Constraints
Firms in Croatia are most pessimistic about the overall economic climate compared with EIBIS 2019 (-72% versus +15%), and is now below the net balance for the EU (-56%).

In Croatia, the most commonly cited long term barriers to investment remains the availability of skilled staff (86%), followed by uncertainty about the future (85%) and business regulations (75%).

Investment Finance
Almost two-thirds of investment activity in Croatian firms was financed by internal sources (65%) in 2019. This is the same share as EIBIS 2019 and remains slightly above the EU average (62%).

Around one in six firms in Croatia report being highly profitable (17%) in the last financial year, in line with EIBIS 2019 and the EU average (18% and 16% respectively).

Access to Finance
Firms using external finance in 2019, are on balance satisfied with the amount, cost, maturity, collateral and type of finance received. However, seven per cent of all firms in Croatia could be considered as financially constrained in 2019, similar to both EIBIS 2019 (8%) and the EU average (6%).

Energy Efficiency
Around a third of firms (34%) have invested in measures to improve their energy efficiency, but this is lower compared to EIBIS 2019 (43%) and the EU average (47%).

The average share of investment in measures to improve energy efficiency by firms in Croatia (9%) has decreased slightly since EIBIS 2019 (10%) and is now below the EU average (12%).

Climate Change
Almost a quarter of firms (23%) feel their business has been majorly impacted by climate change and the related changes in weather patterns, and a further 39% report a minor impact.

Firms in Croatia are expecting that the transition to a low-carbon future will be positive for their reputation (15%) and for market demand (7%) over the next five years but to have a negative impact on their supply chain (-6%).

More than half of firms in Croatia (56%) have already invested or plan to invest in the next three years in measures to tackle the impact of weather events and reduction in carbon emissions. This is below the EU average (67%).
Investment Dynamics

INVESTMENT DYNAMICS

With the COVID-19 crisis abruptly affecting the economy, investment in Q2 2020 is 16.5% below the pre-crisis 2019 level. The biggest drop was due to private investments.

![Investment Evolution Graph]

The graph shows the evolution of total Gross Fixed Capital Formation (in real terms). The data has been indexed to equal 0 in 2008. Source: AMECO data.

With investment levels still being below 2008 levels at the start of the current COVID-19 crisis, this negative investment pattern may have a major negative impact on the economy and halts the positive trend of the past years.

INVESTMENT CYCLE

In line with the EU, Croatia is in a negative phase of the investment cycle, having moved into the ‘high investment contracting’ quadrant. In comparison to EIBIS 2019, the net balance of firms expecting to increase rather than decrease investment in the current financial year has declined by forty six percentage points.

SMEs have relatively lower share of firms investing, while large firms and those in Infrastructure sector have the highest share of investing, above the EU average.

More SMEs and firms in the services sectors are reducing rather than increasing their investments in the current financial year.

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Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500. The y-axis line crosses x-axis on the EU average for 2016.

Base: All firms (excluding don’t know/refused responses)
Investment Dynamics

EVOLUTION OF INVESTMENT EXPECTATIONS
Realised/expected change in investment

The net balance of firms reporting increasing rather than decreasing their investment activities is similar to EIBIS 2019 (19% and 20% respectively) and the EU average (16%). Overall, the net balance fell short of expectations for the third year running (29%).

In the current year, the outlook is particularly negative (net -17%) but not as negative as the EU average (net -28%).

IMPACT OF COVID-19 ON INVESTMENT

COVID-19 has affected firms’ investment strategies for 2020 with around a half of firms (52%) investing less than planned. This is above the EU average (45%).

COVID-19 has impacted a higher share of SMEs compared with large firms, overall SMEs are more likely to be investing less (59% versus 44%).

Plans by firms in the manufacturing sector (51%) are more likely than those in the infrastructure sector (33%) to have remained broadly the same.

Q: Have your company’s overall investment expectations for 2020 changed due to coronavirus?

Base: All firms with investment plans for the current financial year (excluding don’t know/refused responses)
Investment Focus

**LONG TERM IMPACT OF COVID-19 BY SECTOR AND SIZE**

Across all sectors, the most frequently cited long term impact of COVID-19 is expected to be the increased use of digital technologies (48%). Large firms are more likely to expect that COVID-19 will have an impact on the use of digital technologies than SMEs (53% versus 43%).

More than a third of firms in Croatia expect that COVID-19 will impact their supply chain and their service or product portfolio (35% and 34% respectively) in the long term.

Overall, almost one in five firms (19%) expect a permanent reduction in employment levels.

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Q. Do you expect the coronavirus outbreak to have a long-term impact on any of the following?

**Q. You said you will invest less due to coronavirus. Can I just check which of the following actions will your company undertake?**

Base: All firms with investment plans for the current financial year (excluding don’t know/refused responses)  
*Caution very small base size less than 30

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**LONG TERM IMPACT OF COVID-19 BY SECTOR AND SIZE**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Your service or product portfolio</th>
<th>Your supply chain</th>
<th>The increased use of digital technologies</th>
<th>Permanent reduction in employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>27</td>
<td>39</td>
<td>45</td>
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<tr>
<td>Construction</td>
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<td>Infrastructure</td>
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<td>SME</td>
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<tr>
<td>Large</td>
<td>34</td>
<td>33</td>
<td>53</td>
<td>19</td>
</tr>
</tbody>
</table>

Please note some firms may be taking multiple actions i.e. abandoning/delaying some investment plans whilst continuing with other plans at a reduced scale or scope.
Investment Focus

PURPOSE OF INVESTMENT IN LAST FINANCIAL YEAR (% of firms’ investment)

The largest share of investment was driven by the need to replace existing buildings, machinery, equipment and IT (41%). This is not significantly different to either EIBIS 2019 or the EU average (both 47%).

Replacement was followed by capacity expansion which makes up 30% of all investment, in line with the EU average (27%).

The pattern of the share of investment is similar across all sectors and sizes of firms.

INVESTMENT AREAS

Firms in Croatia allocated the highest share of investment to machinery and equipment (53%), followed by land, business buildings and infrastructure (22%). These shares are very similar to EIBIS 2019 (55% and 21% respectively) and the EU average (49% and 16% respectively).

Firms in the construction sector report the highest share of investment in machinery and equipment (67%), when compared to other sectors. Share of investment in land, business buildings and infrastructure remains highest among services sector firms (32%, compared to 14% in construction and 18% manufacturing firms).
Investment Needs and Priorities

PERCEIVED INVESTMENT GAP

Around a quarter (22%) of firms believe they invested too little over the last three years, in line with EIBIS 2019 (21%) but above the EU average (15%).

Overall, around three-quarters (73%) of firms in Croatia report investing about the right amount and very few firms (2%) believe they over-invested.

The perceived under-investment is lower within the services sector (14%) compared to firms in the other sectors (ranging from 21% to 27%).

No large firms reported investing too much.

SHARE OF FIRMS AT OR ABOVE FULL CAPACITY

Almost seven in ten firms (69%) in were operating at or above full capacity in the last financial year, an increase on EIBIS 2019 (54%) and above the EU average (61%).

All sectors and size of firms report increases since EIBIS 2019, and the biggest increases are among firms in the services sector (up twenty eight percentage points to 81%) and large firms (up twenty one percentage points to 74%).

The manufacturing sector has the lowest share of firms operating at or above full capacity (50%), while the service sector has the highest share of firms operating at or above full capacity (80%) in the last financial year.
Investment Needs and Priorities

FUTURE INVESTMENT PRIORITIES (% of firms)

Looking ahead to the next three years, replacing existing buildings, machinery, equipment and IT and capacity expansion are most commonly cited as firms’ main priorities (both 37%). These proportions are relatively unchanged since EIBIS 2019 (36% and 38% respectively).

Infrastructure firms (50%) and construction firms (48%) are more likely to prioritise replacement whilst for firms in the services sector capacity expansion is the main priority (48%).

Firms in Croatia remain less likely than firms EU-wide to prioritise investment in new products, processes or services (18% versus 28%).

COVID-19 IMPACT ON PRIORITIES

Firms in Croatia which have been impacted by COVID-19 are more likely to prioritise investment in replacing buildings and equipment (44%), well above the EU average (34%).

Firms who have not been impacted by COVID-19 are more likely to be prioritising capacity expansion compared to those firms impacted by COVID-19 (47% versus 29% respectively).
Innovation Activities

INNOVATION ACTIVITY

More than one-third of all firms (35%) developed or introduced new products, processes or services as part of their investment activities. This is lower than the EU average (42%).

Fewer firms had developed or introduced new products, processes or services that were new to their firm than in the EU as a whole (21% versus 27% respectively).

Construction firms are the least likely to innovate (25%), compared to firms from the other sectors (ranging from 34% to 38%).

Whilst SMEs and large firms have similar overall figures (34% and 36% respectively) innovations at SMEs are more likely to be new to the firm, at large firms new to national/global markets.

When firms’ innovation and research and development behaviour is profiled more widely, 14% of firms in Croatia are classified as ‘active innovators’, and a further 5% of firms are ‘developers’.

This breakdown is comparable to EIBIS 2019 (with 17% of firms classifying as ‘active innovators’ plus 7% of firms as ‘developers’) and is similar to the average for the EU (with 20% ‘active innovators’ plus 6% ‘developers’).

INNOVATION PROFILE

When firms’ innovation and research and development behaviour is profiled more widely, 14% of firms in Croatia are classified as ‘active innovators’, and a further 5% of firms are ‘developers’.

This breakdown is comparable to EIBIS 2019 (with 17% of firms classifying as ‘active innovators’ plus 7% of firms as ‘developers’) and is similar to the average for the EU (with 20% ‘active innovators’ plus 6% ‘developers’).
Innovation Activities

IMPLEMENTATION OF DIGITAL TECHNOLOGIES

Three in five firms (62%) in Croatia have implemented, either fully or partially, the digital technologies they were asked about. This is in line with EIBIS 2019 and with the EU average (both 63%).

The share of firms who have implemented digital technologies is broadly stable across sector and size of firm.

More than half of manufacturing sector firms claim to have implemented ‘Internet of things’ (56%), well above the equivalent shares of EU manufacturing firms (39%) and firms in other Croatian sectors (ranging from 33% to 42%).

Q. Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?

Base: All firms (excluding don’t know/refused responses)

DIGITAL TECHNOLOGIES BY SECTOR

Q. Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?

Base: All firms (excluding don’t know/refused responses)
Drivers And Constraints

SHORT TERM FIRM OUTLOOK

More firms in Croatia expect a deterioration rather than an improvement across all five short term barriers to investment in the next twelve months, in line with the EU average.

Firms in Croatia are most pessimistic about the overall economic climate compared with EIBIS 2019 (-72% versus +15%), and is now below the net balance for the EU (-56%).

SHORT TERM FIRM OUTLOOK BY SECTOR AND SIZE (NET BALANCE %)

Firms in all sectors and by size are consistently more negative than positive about all of the short term outlooks.

Large firms (-81%) are the most likely to be negative about the overall economic climate.

Firms in the services sector are less negative than other sectors regarding the political/regulatory climate (-5%) and the availability of external finance (-6%).

SMEs are more negative than large firms about the availability of internal finance (-44% versus -28%).

Please note: red figures are negative

*Net balance is the share of firms seeing improvement minus the share of firms seeing a deterioration
Drivers And Constraints

LONG TERM BARRIERS TO INVESTMENT

In Croatia, the most commonly cited long term barriers to investment remains the availability of skilled staff (87%), followed by uncertainty about the future (85%) and business regulations (75%). These are broadly in line with EIBIS 2019 and reflect the top 3 obstacles for firms across the EU.

Construction firms were more likely to cite availability of finance as a barrier than firms in other sectors (65%, compared to between 43% and 50%) and this was also the case for SMEs compared to large firms (57% versus 36%).

Q. Thinking about your investment activities in Croatia, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Base: All firms (data not shown for those who said not an obstacle at all/don’t know/refused)

LONG TERM BARRIERS BY SECTOR AND SIZE

Q. Thinking about your investment activities in Croatia, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Base: All firms (data not shown for those who said not an obstacle at all/don’t know/refused)
Investment Finance

SOURCE OF INVESTMENT FINANCE

Almost two-thirds of investment activity in Croatian firms was financed by internal sources (65%) in the last financial year. This is the same share as EIBIS 2019 (65%) and in line with the EU average (62%).

Around a third (34%) of the finance came from external sources and this is similar to the EU average of 35%.

Firms in the infrastructure sector report a higher share of external finance (41%, compared to other sectors ranging from 27% to 34%).

Intra-group financing remained little used by all sectors and size of firm in Croatia, just as in the EU.

Q. What proportion of your investment was financed by each of the following?
Base: All firms who invested in the last financial year (excluding don’t know/refused responses)

TYPE OF EXTERNAL FINANCE USED FOR INVESTMENT ACTIVITIES

In Croatia, bank loans (58%) continued to account for the highest share of external finance, followed by grants (19%) and leasing and hire purchase (11%).

Firms in the services sector and large firms have the highest share of bank loans (74% and 66% respectively).

Grants accounted for a higher share of external finance than across the EU (19% versus 6%) and this is particularly the case among firms in the infrastructure sector (36%).

Conversely, leasing and hire purchase has a lower share in Croatia than the EU average (11% versus 21%).

Q. Approximately what proportion of your external finance does each of the following represent?
*Loans from family, friends or business partners

Base: All firms who used external finance in the last financial year (excluding don’t know/refused responses)
SHARE OF FIRMS HAPPY TO RELY EXCLUSIVELY ON INTERNAL SOURCES TO FINANCE INVESTMENT

Seven per cent of all firms in Croatia report not applying for external finance in 2019 because they are happy to use internal funds or do not have a need for external finance. This is the same share of Croatian firms as in EIBIS 2019 and remains well below the EU average (17%).

The share of manufacturing firms who were happy to use internal funds or did not have a need for external finance has doubled since EIBIS 2019 (10% from 5%), while the share among construction firms has declined slightly from 7% in EIBIS 2019 to 3%.

SHARE OF PROFITABLE FIRMS

Around one in six firms in Croatia report being highly profitable (17%) in line with EIBIS 2019 and the EU average (18% and 16% respectively).

More than four fifths (86%) of firms report being profitable in the last financial year, which is in line with EIBIS 2019 (84%) and the EU average (80%).

Firms in the services and construction sectors are the most likely to be profitable (96% and 95% respectively).
Access To Finance

DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED

Firms using external finance in the last financial year are on balance satisfied with the amount, cost, maturity, collateral and type of finance received.

The highest levels of dissatisfaction recorded among firms in Croatia is with the collateral requirements (15%) and the cost of finance (12%). Across the EU, a lower share of firms are dissatisfied with these measures (7% and 5% respectively).

Share of dissatisfied firms

Compared to firms in other sectors, firms in the construction sector report relatively high levels of dissatisfaction with collateral requirements (24%), the cost of finance (22%) and maturity terms (12%). SMEs are almost twice as likely as large firms to be dissatisfied with the cost of finance (15% versus 8%).

Q. How satisfied or dissatisfied are you with …?

Base: All firms who used external finance in the last financial year (excluding don’t know/refused responses)

DISSATISFACTION BY SECTOR AND SIZE (%)

Q. How satisfied or dissatisfied are you with …?

Base: All firms who used external finance in the last financial year (excluding don’t know/refused responses)
Access To Finance

SHARE OF FINANCE CONSTRAINED FIRMS

Seven per cent of all firms in Croatia could be considered as financially constrained in the last financial year, in line with EIBIS 2019 (8%) and the EU average (6%). Fewer firms were rejected than in EIBIS 2019, i.e. having sought external finance but not received it (4% versus 7%).

Whilst relatively large shares of construction sector firms and SMEs are finance constrained (15% and 10% respectively), manufacturing firms and large firms are less so (5% and 3%).

Finance constrained firms include: those dissatisfied with the amount of finance obtained (received less), firms that sought external finance but did not receive it (rejected) and those who did not seek external finance because they thought borrowing costs would be too high (too expensive) or they would be turned down (discouraged).

Base: All firms

FINANCING CONSTRAINTS OVER TIME

There has been little change in the share of finance constrained firms in Croatia and the EU since EIBIS 2018, but there has been a decline of five percentage points since EIBIS 2017.

Croatia’s share of external finance constrained firms is similar to the EU average.
Energy Efficiency

SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY

Around a third of firms (34%) have invested in measures to improve their energy efficiency, but this is down compared to EIBIS 2019 (43%) and below the EU average (47%).

Firms in all sectors and size of firms have seen decreases, particularly within large firms (down fifteen percentage points to 39%) and infrastructure firms (down thirteen points to 31%).

The construction sector has the smallest share of firms investing in measures to improve energy efficiency.

The average share of investment in measures to improve energy efficiency by firms in Croatia (9%) has remained stable since EIBIS 2019 (10%) and is similar to the EU average (12%).

The average share of investment in measures to improve energy efficiency is similar across all sectors and sizes of firms.
Energy Efficiency

ENERGY TARGETS, MANAGEMENT AND INTERNAL AUDIT

Q. In 2019 and under normal conditions, did your company set and monitor internal targets on carbon emissions and energy consumption?
Q. In 2019 and under normal conditions, did your company have a designated person responsible for defining and monitoring climate change strategies?
Q. And can I check, in the past four years has your company had an energy audit? By this, I mean an assessment of the energy needs and efficiency of your company’s building or buildings.

Base: All firms

ENERGY TARGETS, MANAGEMENT AND INTERNAL AUDIT BY SECTOR AND SIZE

Firms in Croatia are more likely than EU firms to have had an energy audit in the past 4 years (63% versus 55%) but less likely to have set internal targets on carbon and energy (32% versus 41%) and to have designated a person to develop their climate change strategies (16% versus 23%).

Firms in the manufacturing sector are most likely to have had an energy audit (73%), to have set internal targets (46%) and to have designated a person to develop strategies (25%).

Similarly, large firms are above SMEs on all three measures.

Base: All firms
Climate Change

CLIMATE CHANGE IMPACT

Around three fifths (63%) of firms feel their business has been impacted by climate change and the related changes in weather patterns, with around a quarter (23%) reporting that the change has had a major impact. This is in line with the EU average (58% and 23% respectively).

Firms in the construction sector are more likely to have been impacted than firms in other sectors (overall 73% compared to between 58% and 65%).

Large firms are also more likely to have been impacted compared to SMEs (71% versus 55%).

Q. Thinking about climate change and the related changes in weather patterns, would you say these weather events currently have a major impact, a minor impact or no impact at all on your business?

Base: All firms (excluding don’t know / refused responses)

REDUCTION IN CARBON EMISSIONS OVER NEXT FIVE YEARS BY SECTOR AND SIZE (NET IMPACT %)

Firms in Croatia are expecting the transition to a low-carbon future to be positive for their reputation (15%) and for market demand (7%) over the next five years but to have a negative impact on their supply chain (-6%).

On balance, manufacturing firms, infrastructure firms and large firms are the most likely to expect the reduction in carbon emissions to have a positive impact on their reputation.

However, among manufacturing firms more believe the impact will be negative rather than positive on their supply chain (-16%).
Climate Change

INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT

Around three in five firms in Croatia (57%) have already invested or plan to invest in the next three years in measures to tackle the impact of weather events and reduction in carbon emissions. This is below the EU average (67%).

Firms in the construction sector (36%) and the services sector (44%) have the lowest share of firms who have already invested or plan to invest. SMEs are more likely to have no investment planned compared to large firms (54% versus 31%).

Uncertainty about the regulatory environment and taxation is the biggest barrier to investment in this area (69%), particularly among firms in the services sector (77%).

Q. Now thinking about investments to tackle the impacts of weather events and reduction in carbon emissions, which of the following applies?

Base: All firms (excluding don’t know/refused responses)

BARRIERS TO INVESTING IN ACTIVITIES TO TACKLE CLIMATE CHANGE BY SECTOR AND SIZE

<table>
<thead>
<tr>
<th></th>
<th>Cost of investment activities</th>
<th>Availability of finance</th>
<th>Uncertainty about climate change impacts</th>
<th>Uncertainty about regulatory environment and taxation</th>
<th>Uncertainty about new technologies to help tackle the impact</th>
<th>Availability of staff with the right skills to identify and implement investments related to climate change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>63</td>
<td>69</td>
<td>64</td>
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<td>SME</td>
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<td>60</td>
<td>51</td>
<td>72</td>
<td>57</td>
<td>59</td>
</tr>
</tbody>
</table>

Q. To what extent is the following an obstacle to investing in activities to tackle weather events and emissions reduction? Is it a major obstacle, minor obstacle or not at obstacle at all?

Base: All firms (data not shown for those who said not at obstacle at all / don’t know / refused)
Profile of Firms

CONTRIBUTION TO VALUE ADDED

Large firms with 250+ employees account for the greatest share of value-added (48%) in Croatia, the same share as EU-wide.

Croatia has a lower share of value-added in the manufacturing sector compared to the EU average (29% versus 38%).

The charts reflect the relative contribution to value-added by firms belonging to a particular size class / sector in the population of firms considered. That is, all firms with 5 or more employees active in the sectors covered by the survey.

Micro: 5-9 employees; Small: 10-49; Medium: 50-249; Large: 250+

Base: All firms

FIRM MANAGEMENT

A higher share of firms in Croatia report using a formal strategic monitoring system compared to the EU average (73% versus 55%) and to link individual performance to pay (87% versus 70%).

Manufacturing sector firms are more likely than firms in the construction sector to use a formal strategic monitoring system (81% versus 52%).

Only four in ten firms in Croatia (40%) report being owned or controlled by their CEO or a member of the CEO’s family, much lower than the EU average (57%).

Q. And does your company (a) use a formal strategic business monitoring system (that compares the firm’s current performance against a series of strategic key performance indicators) (b) link individual performance with pay?

Q. Does the CEO/company head of your firm own or control the firm, or have a family member that owns/controls it?

Base: All firms (excluding don’t know/refused responses)
EIBIS 2020 – Country Technical Details

SAMPLING TOLERANCES APPLICABLE TO PERCENTAGES AT OR NEAR THESE LEVELS

The final data are based on a sample, rather than the entire population of firms in Croatia, so the percentage results are subject to sampling tolerances. These vary with the size of the sample and the percentage figure concerned.

<table>
<thead>
<tr>
<th>EU vs HR</th>
<th>Manufacturing</th>
<th>Construction</th>
<th>Services</th>
<th>Infrastructure</th>
<th>SME</th>
<th>EU vs</th>
<th>Large</th>
<th>Manuf vs Constr</th>
<th>SME vs Large</th>
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<tr>
<td>(11971)</td>
<td>(800)</td>
<td>(149)</td>
<td>(97)</td>
<td>(108)</td>
<td>(127)</td>
<td>(415)</td>
<td>(73)</td>
<td>(11971 vs 488)</td>
<td>(97 vs 149)</td>
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<tr>
<td>10% or 90%</td>
<td>1.1%</td>
<td>3.5%</td>
<td>3.3%</td>
<td>5.4%</td>
<td>6.2%</td>
<td>2.6%</td>
<td>6.2%</td>
<td>3.5%</td>
<td>8.2%</td>
</tr>
<tr>
<td>30% or 70%</td>
<td>1.2%</td>
<td>5.3%</td>
<td>5.0%</td>
<td>8.2%</td>
<td>9.4%</td>
<td>4.0%</td>
<td>9.4%</td>
<td>5.3%</td>
<td>12.5%</td>
</tr>
<tr>
<td>50%</td>
<td>1.9%</td>
<td>5.8%</td>
<td>5.5%</td>
<td>9.0%</td>
<td>10.3%</td>
<td>4.3%</td>
<td>10.3%</td>
<td>5.8%</td>
<td>13.7%</td>
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GLOSSARY

Investment: A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities with the intention of maintaining or increasing the company’s future earnings.

Investment cycle: Based on the expected investment in current financial year compared to last one, and the proportion of firms with a share of investment greater than EUR 500 per employee.

Manufacturing sector: Based on the NACE classification of economic activities, firms in group C (manufacturing).

Construction sector: Based on the NACE classification of economic activities, firms in group F (construction).

Services sector: Based on the NACE classification of economic activities, firms in group G (wholesale and retail trade) and group I (accommodation and food services activities).

Infrastructure sector: Based on the NACE classification of economic activities, firms in groups D and E (utilities), group H (transportation and storage) and group J (information and communication).

SME: Firms with between 5 and 249 employees.

Large firms: Firms with at least 250 employees.

EIBIS 2019: The previous wave of the EIB Investment Survey, with interviews carried out between April-July 2019.

EIBIS 2020: The current wave of the EIB Investment Survey, with interviews carried out between May-August 2020.

Note: the EIBIS 2020 overview refers interchangeably to ‘the past/last financial year’ or to ‘2019’. Both refer to results collected in EIBIS 2020, where the question is referring to the past financial year, with the majority of the financial year in 2019 in case the financial year is not overlapping with the calendar year 2019.
The country overview presents selected findings based on telephone interviews with 488 firms in Croatia (carried out between May and August 2020).

**BASE SIZES** (*Charts with more than one base; due to limited space, only the lowest base is shown*)

<table>
<thead>
<tr>
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<tr>
<td>All firms (excluding don't know/refused responses), p. 2</td>
<td>11634/11417</td>
<td>748/711</td>
<td>481/471</td>
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<td>All firms with investment plans for the current financial year (excluding don't know/refused responses), p. 3 (bottom), p. 4 (top)</td>
<td>9605/NA</td>
<td>643/NA</td>
<td>405/NA</td>
<td>124</td>
<td>81</td>
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<td>105</td>
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<tr>
<td>All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5 (top)</td>
<td>10138/9716</td>
<td>682/624</td>
<td>394/422</td>
<td>127</td>
<td>75</td>
<td>81</td>
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<tr>
<td>All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5 (bottom)</td>
<td>9874/9506</td>
<td>683/620</td>
<td>424/431</td>
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<td>All firms (excluding ‘Company didn’t exist three years ago’ responses), p. 6</td>
<td>11949/12042</td>
<td>799/802</td>
<td>488/480</td>
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<td>All firms (excluding don’t know/refused responses), p. 7 (top)</td>
<td>11727/11757</td>
<td>787/775</td>
<td>476/475</td>
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<td>96</td>
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<td>All firms (excluding don’t know/refused responses), p. 7 (bottom)</td>
<td>11608/0</td>
<td>780/0</td>
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<td>All firms (excluding don’t know/refused responses), p. 8 (top)</td>
<td>11720/11770</td>
<td>769/772</td>
<td>461/462</td>
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<td>All firms (excluding don’t know/refused responses), p. 8 (bottom)</td>
<td>9039/8380</td>
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<td>All firms (excluding don’t know/refused responses), p. 9</td>
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<td>All firms who have invested in the last financial year (excluding don’t know/refused responses), p. 12</td>
<td>9255/9008</td>
<td>648/587</td>
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<td>All firms who used external finance in the last financial year (excluding don’t know/ refused responses), p. 12</td>
<td>4354/4369</td>
<td>314/252</td>
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<td>All firms who used external finance in the last financial year (excluding don’t know/refused responses), p. 14*</td>
<td>4310/4292</td>
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<td>All firms (excluding don’t know/refused responses), p. 19</td>
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<td>772/NA</td>
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<td>All firms (excluding don’t know/refused responses), p. 20*</td>
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