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# EY Entrepreneurship Barometer 2025

CESA: Croatia

July 2025



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The better the answer.  
The better the world works.

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**Berislav Horvat**  
Country Managing Partner  
EY Croatia

## Foreword

We are pleased to present the EY Entrepreneurship Barometer, a comprehensive survey conducted among entrepreneurs from Central, Eastern and Southeastern Europe & Central Asia (CESA) countries, including Croatia. This specific report highlights the responses of Croatian entrepreneurs, marking the third survey of this kind conducted in Croatia among successful entrepreneurs - candidates from the nine previous EY Entrepreneur of the Year programs. Its findings provide a unique opportunity for entrepreneurs to gain deeper understanding of the local and regional entrepreneurial environment and the challenges they face.

Some of the key findings of this year's report include:

- Investing in a structured innovation strategy is crucial for Croatian businesses to foster growth and maintain competitive advantages;
- Businesses should explore alternative financing options, such as partnerships, grants, and venture capital, to overcome funding barriers and enable investments in process automation and IT system
- Companies should collaborate with educational institutions for internships and training programs, while investing in employee development to enhance retention and attract skilled talent;
- While investing in AI technologies is essential for optimizing processes and enhancing operational efficiency, it is important to address concerns about implementation costs and data privacy to ensure successful adoption;
- Engaging with policymakers to advocate for simpler regulations can help reduce bureaucratic barriers, creating a more supportive environment for entrepreneurship and fostering business growth and innovation in Croatia.

Reading through this report will provide you with interesting statistics and comparisons with CESA region. You will find detailed data that highlights the entrepreneurial trends, challenges, and opportunities in Croatia, offering a comprehensive view of the entrepreneurial mindset and environment.

We extend our gratitude to all the entrepreneurs who participated in this survey. We hope that the findings will not only inform, but also inspire further discussions and actions that will contribute to the growth and development of the entrepreneurial ecosystem in Croatia.

Sincerely,

# Executive summary



## Innovation

Croatian businesses are prioritizing product and process innovation, with 55% focusing on product development and 59% on enhancing process innovation, indicating a proactive approach to meet market demands and gain competitive advantages in the evolving marketplace.

A significant 73% of Croatian firms are adopting Artificial Intelligence, alongside a 55% increase in online marketing and e-commerce, reflecting a strong commitment to digital transformation and improved customer engagement, essential for adapting to changing consumer behaviours.

## Investment and financing

Croatian companies primarily rely on reinvesting profits and own funds (69%), reflecting a conservative financing approach that emphasizes sustainability. However, 39% face funding constraints, highlighting the need for improved access to financing options to support growth initiatives.

With 59% interested in process automation and 57% prioritizing IT upgrades, Croatian firms are focused on digital transformation to enhance efficiency. Economic risk and market uncertainty, affecting 61% of organizations, drive a cautious approach to financial planning and investment decisions.

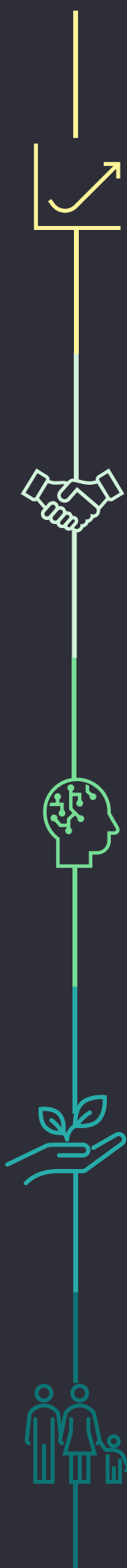


## Employees

Croatian companies prefer hiring full-time employees, with 69% indicating a stable job market and a commitment to workforce stability. However, 78% struggle to find candidates with the required experience, highlighting the need for improved talent development initiatives.



Attracting and retaining skilled talent is a significant challenge for 51% of Croatian firms, reflecting a competitive talent market. Additionally, 41% face difficulties managing labor costs while ensuring competitive compensation, emphasizing the need for a balanced approach to employee satisfaction.



## Sustainable growth

Geopolitical instability and inflation are major concerns for Croatian businesses, with 80% anticipating negative impacts. Additionally, 96% are worried about rising labor costs, highlighting vulnerabilities that may affect financial stability and operational strategies.

While 57% report no supply chain issues, 73% view labor costs as a significant concern, indicating acute awareness of financial pressures. Croatian firms may need to adapt strategies to manage rising energy costs and changing consumer behavior effectively.

## Merger & acquisition

Croatian business owners demonstrate a strong commitment to maintaining ownership, with only 4% likely to sell in the next year. However, 55% consider selling as a legacy planning option, indicating a strategic mindset. Additionally, 31% prefer transitioning within 1-4 years, reflecting readiness for change and future opportunities.

## Artificial intelligence

While 41% of Croatian businesses reported no AI investment in the past three years, 79% expect significant improvements in operational efficiency. This optimism reflects a proactive approach to leveraging AI for growth and innovation.

A notable 52% of Croatian firms have adopted AI for marketing optimization, and 69% utilize it in data analytics, indicating a strong focus on enhancing customer engagement and strategic decision-making through advanced technologies despite concerns about implementation costs.

## Entrepreneurial ecosystem

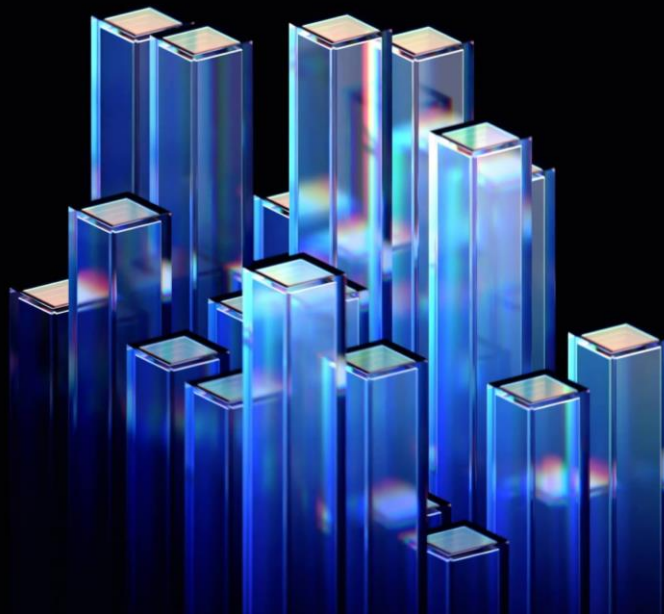
Only 12% of Croatian entrepreneurs view current business conditions as favorable, with 61% citing a lack of skilled workforce as a major barrier. Additionally, 82% perceive bureaucracy and regulatory complexity as significant obstacles, highlighting the urgent need for regulatory reform and enhanced education initiatives to support entrepreneurial growth.

## Family enterprise

Croatian family businesses exhibit a balanced approach to succession planning, with 36% having formal plans and another 36% discussing succession informally. Additionally, 76% prioritize retaining earnings for reinvestment, reflecting a commitment to long-term sustainability and proactive leadership transitions within the family business landscape.



# 1 Innovation



## Key areas of innovation

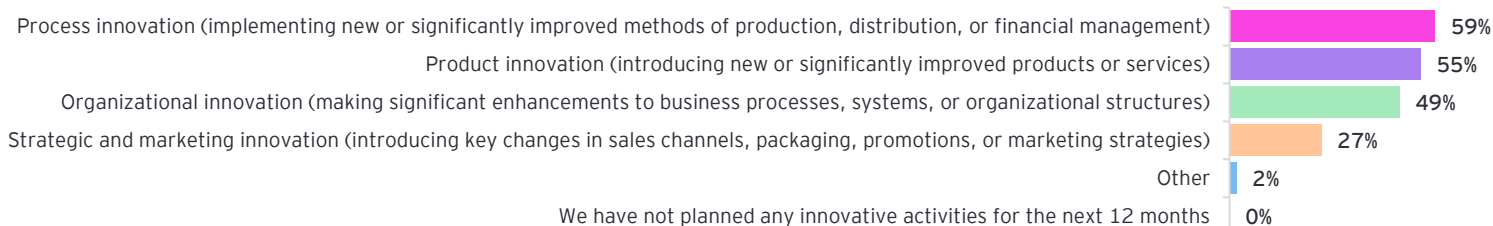
Croatian businesses demonstrate a strong focus on process and product innovation, while showing confidence in existing strategies, highlighting a balanced approach to growth and stability.

With 55% of respondents prioritizing product innovation, Croatian businesses are keen on enhancing their offerings. This indicates a proactive approach to meet market demands and consumer preferences, suggesting potential growth opportunities and competitive advantages in the evolving marketplace.

The 49% focus on organizational innovation highlights Croatian businesses' recognition of the importance of enhancing internal processes and structures, indicating a commitment to improving efficiency and adaptability in response to changing market conditions.

The 0% of businesses indicating no planned innovative activities reflects a strong entrepreneurial spirit in Croatia, suggesting that companies are actively seeking growth opportunities and are committed to pursuing innovation as a key driver for future success.

## Q: What are your key areas of innovation for the next 12 months?



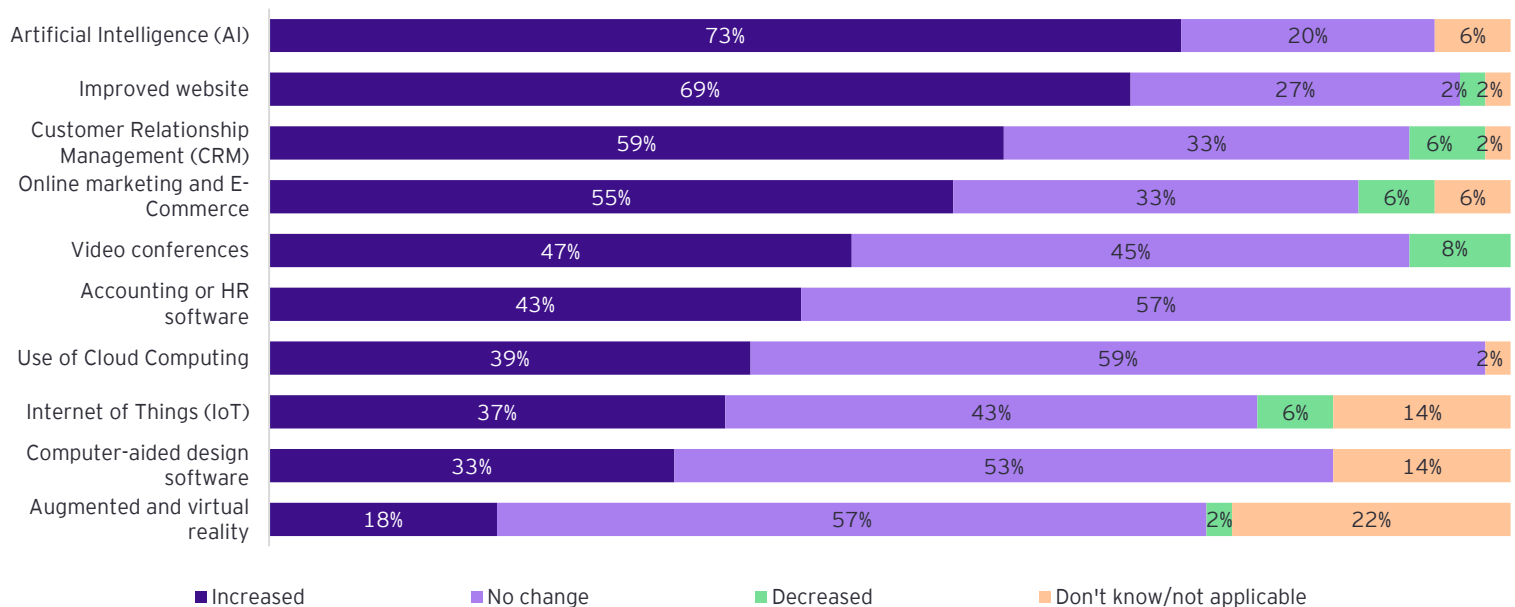
Croatia shows a stronger inclination towards process innovation (59%) compared to CESA (46%), indicating a focus on enhancing production and distribution methods. This suggests that Croatian businesses are prioritizing efficiency and operational improvements as key drivers for growth in the upcoming year.

Strategic and marketing innovation is notably lower in Croatia at 27% compared to 38% in the CESA region, indicating that Croatian businesses may be more focused on product and process improvements rather than marketing strategies.

## Digital technologies

The 55% increase in online marketing and e-commerce highlights a growing recognition of digital sales channels among Croatian businesses. This shift is crucial for adapting to changing consumer behaviours and expanding market reach.

**Q:** How has your use of the following digital technologies in your business operations changed over the past 12 months?



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It's crucial to invest in a structured innovation strategy that prioritizes both product and marketing innovations, which will enable entrepreneurs to explore new sales channels and maintain competitive advantages.






Video conferencing remains essential, with 47% of businesses reporting increased usage, reflecting the ongoing adaptation to remote work and the need for effective communication tools in a post-pandemic business environment.

The relatively low adoption of augmented and virtual reality at 18% suggests that while these technologies hold potential, Croatian businesses may still be exploring their practical applications, indicating a possible area for future growth and investment.

Croatia demonstrates a higher adoption of Artificial Intelligence (AI) at 73% compared to CESA's 61%. This indicates a strong commitment among Croatian businesses to leverage AI technologies, potentially enhancing operational efficiency and driving innovation in their processes.

The use of improved websites is notably higher in Croatia at 69%, versus 61% in CESA. This suggests that Croatian businesses are prioritizing their online presence, which may enhance customer engagement and support growth in digital channels.



Entrepreneurs are increasingly embracing digital technologies, particularly AI and online marketing, while maintaining stability in cloud computing, highlighting a balanced approach to innovation and operational efficiency.

# Investment and financing

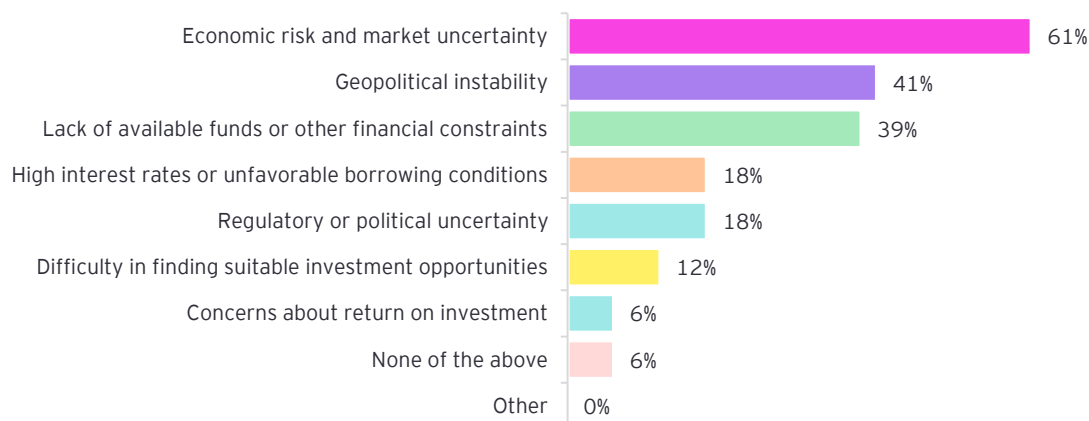
## Investment plans

Croatian businesses are navigating a complex investment landscape, balancing technological advancements with the need for financial prudence in response to economic risks.

A notable 39% of entrepreneurs cite a lack of available funds as a potential hindrance to investment plans. This financial constraint may limit growth opportunities and highlight the need for improved access to financing options in the region.

The significant concern regarding economic risk and market uncertainty at 61% suggests that Croatian businesses are cautious about external factors that could impact their investment strategies, emphasizing the need for stability in the economic environment.

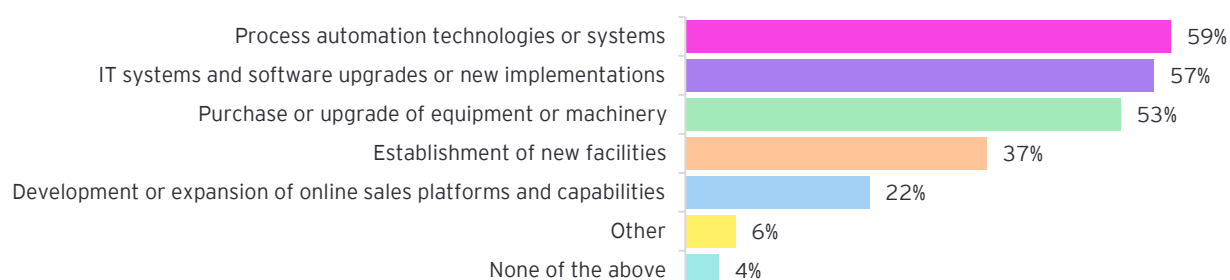
**Q:** What factors could potentially hinder your organization's investment plans in the next 12 months?



Process automation technologies are prioritized in Croatia at 59%, surpassing the CESA region's 44%. This indicates a stronger focus on enhancing operational efficiency through automation among Croatian businesses compared to their regional counterparts.

The intention to invest in the establishment of new facilities is higher in Croatia at 37% compared to 31% in the CESA region. This suggests a growing confidence in expanding physical operations within the Croatian market.

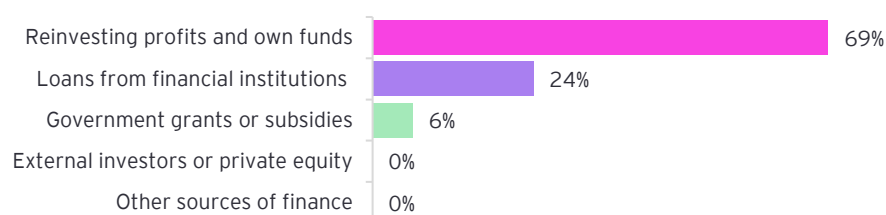
**Q:** Do you intend to make any of the following investments in the next 12 months?



## Sources of financing

The primary source of finance for Croatian companies is reinvesting profits and own funds, accounting for 69%. This reliance on internal funding reflects a conservative approach to financing, emphasizing sustainability and self-sufficiency in business operations.

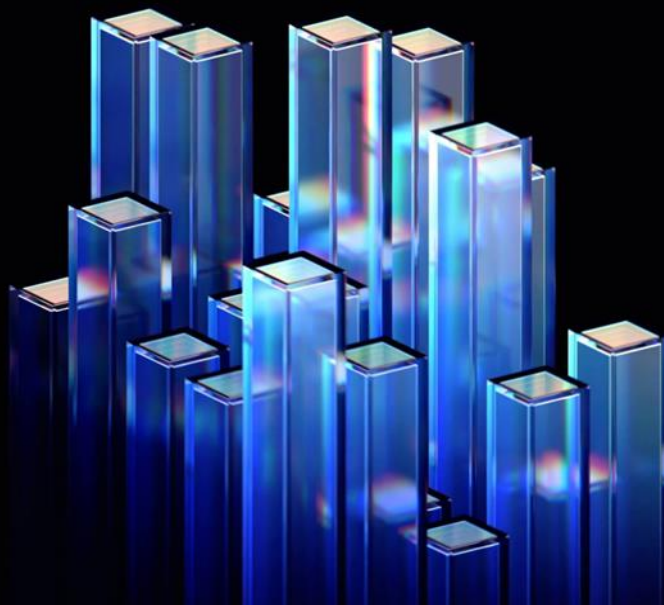
**Q:** What is your company's primary source of finance?



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Businesses should explore alternative financing options, such as partnerships, grants, and venture capital, to overcome funding barriers and enable investments in process automation and IT systems.

# 3 Employees



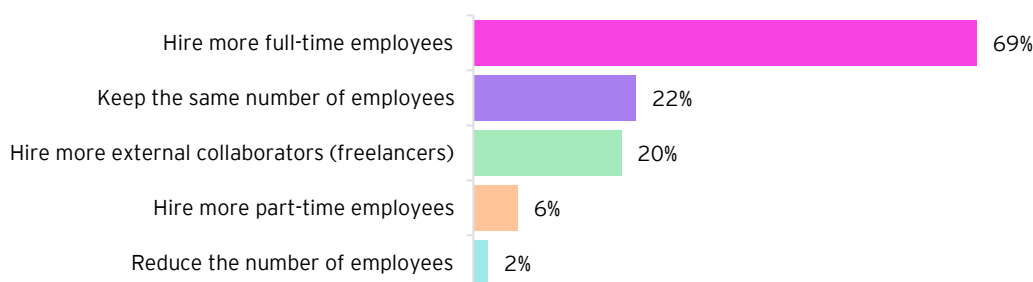
## Hiring plans

In the CESA region, 48% of respondents plan to hire more full-time employees, while Croatia shows a stronger inclination at 69%. This indicates a more optimistic hiring outlook in Croatia, reflecting confidence in business growth and workforce expansion in the coming year.

Both regions face challenges in hiring, but Croatia experiences a higher difficulty in finding candidates with the required experience (78%) compared to CESA (53%). This suggests that Croatian companies may need to invest more in training and development to bridge the skills gap.

Only 6% of Croatian companies plan to hire more part-time employees, indicating a preference for full-time roles. This trend suggests that businesses are seeking to invest in stable, long-term talent rather than flexible or temporary positions, reflecting a commitment to workforce stability.

**Q:** What are your plans for hiring new employees in the next 12 months?

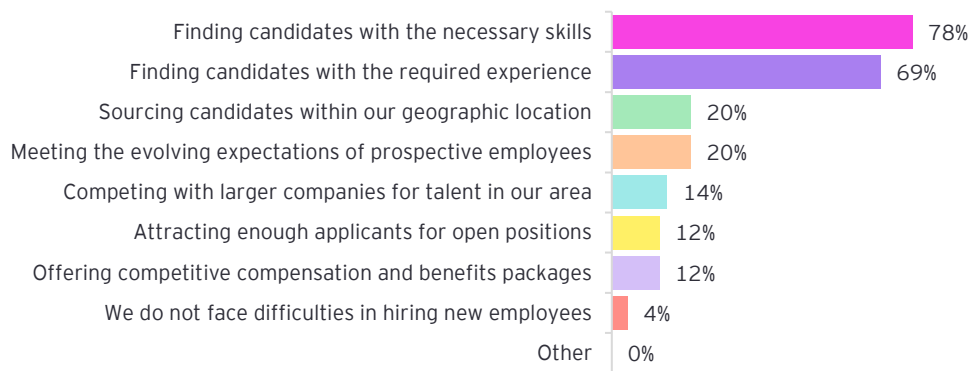




A mere 2% of companies plan to reduce their workforce, suggesting stability in the job market. This indicates that most businesses are not experiencing financial distress, allowing them to focus on growth and retention of talent.

Notably, 78% of Croatian companies struggle to find candidates with the required experience. This emphasizes the importance of fostering a talent pipeline through internships and partnerships with educational institutions to prepare future employees.

## Q: What difficulties do you encounter when hiring new employees?



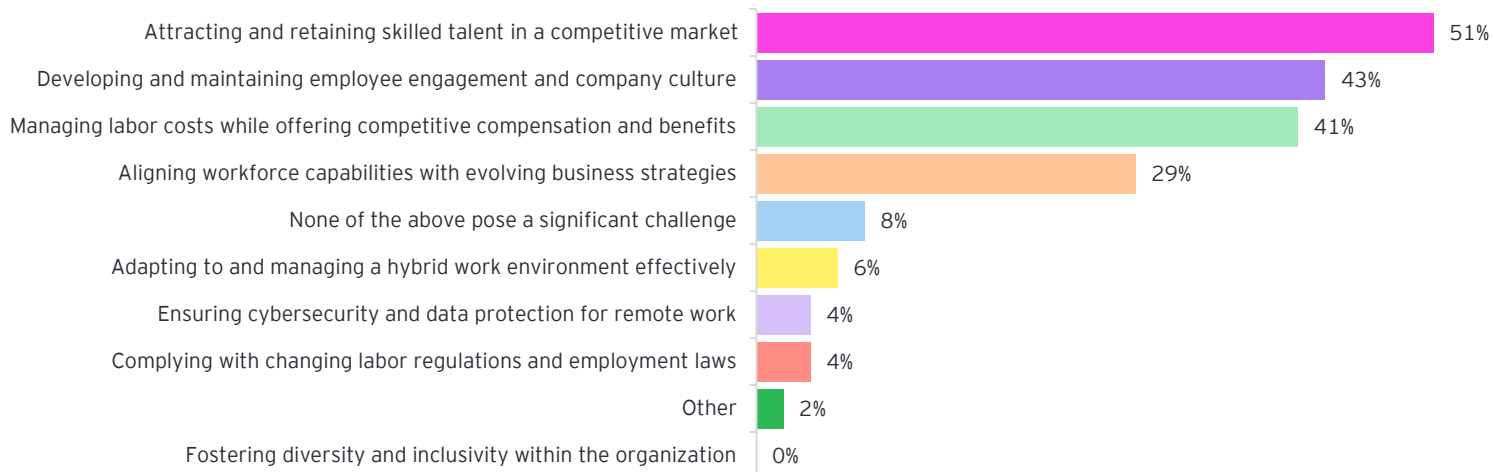
## Challenges

Croatia faces a notable challenge in managing labor costs while offering competitive compensation and benefits, with 41% of respondents highlighting this issue. This indicates a potential struggle to balance financial sustainability with employee satisfaction.

The adaptation to a hybrid work environment is less of a concern in Croatia, with only 6% identifying it as a challenge. This suggests that organizations may have already established effective hybrid models or are less affected by this transition.

In Croatia, talent retention and employee engagement are critical challenges for organizations, emphasizing the need for strategic workforce management to enhance productivity and satisfaction.

**Q:** Which of the following pose the greatest challenge to your organization in managing your workforce?



Attracting and retaining skilled talent is a significant challenge in both Croatia (51%) and the CESA region (46%). However, Croatia places a higher emphasis on this issue, indicating a more competitive talent market and possibly greater difficulties in recruitment.

In Croatia, the concern regarding complying with changing labor regulations and employment laws is notably lower at 4% compared to 12% in the CESA region. This suggests that Croatian businesses may feel more confident in their ability to navigate regulatory changes effectively.

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To combat the skills gap, companies should collaborate with educational institutions for internships and training programs, while investing in employee development to enhance retention and attract skilled talent.

# 4 Sustainable growth

## Growth challenges

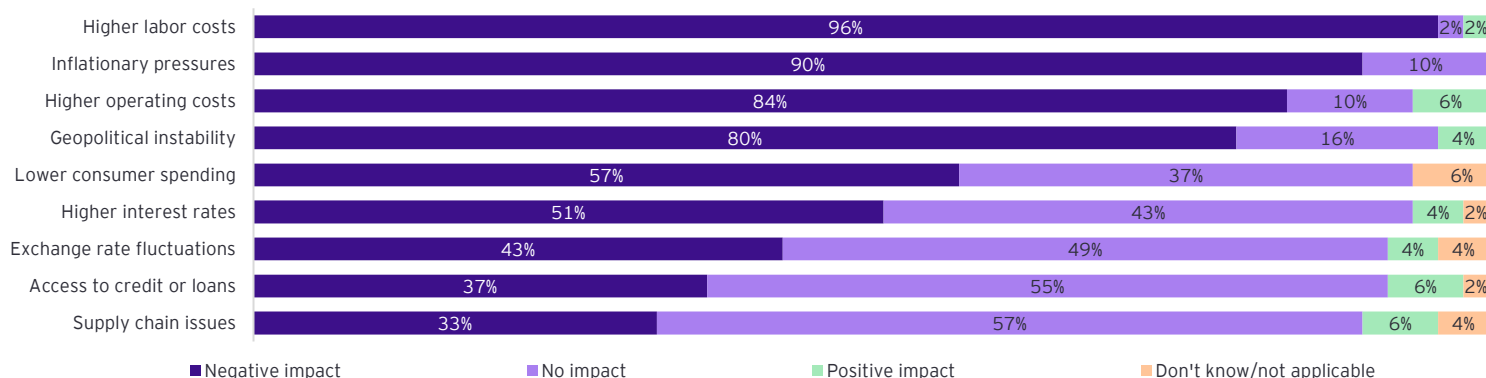
Geopolitical instability is a significant concern for Croatian businesses, with 80% anticipating a negative impact. This reflects the ongoing regional tensions and their potential effects on business operations and financial security.

Lower consumer spending is viewed negatively by 57% of respondents in Croatia, indicating a cautious outlook on economic conditions. This could lead to strategic adjustments in marketing and sales approaches to adapt to changing consumer behavior.

A notable 57% of respondents in Croatia report no impact from supply chain issues, indicating that many businesses have effectively managed their supply chains. This resilience suggests a strong operational framework, allowing organizations to maintain stability despite potential disruptions in the broader market.

Croatian businesses face significant concerns over labor costs, inflationary pressure, high operating costs and geopolitical instability impacting financial security.

**Q:** How much of an impact do you anticipate each of the following will have on the financial security of your business in the next 12 months?



In Croatia, a staggering 96% of respondents anticipate a negative impact from higher labor costs, significantly higher than the CESA region's 85%. This suggests that Croatian businesses are particularly vulnerable to labor cost increases, potentially affecting their financial stability.

Inflationary pressures are perceived as a major concern in both regions, with 90% of Croatian respondents indicating a negative impact compared to 78% in CESA. This highlights a heightened sensitivity to inflation in Croatia, which may require more immediate strategic responses.

## Cost concerns

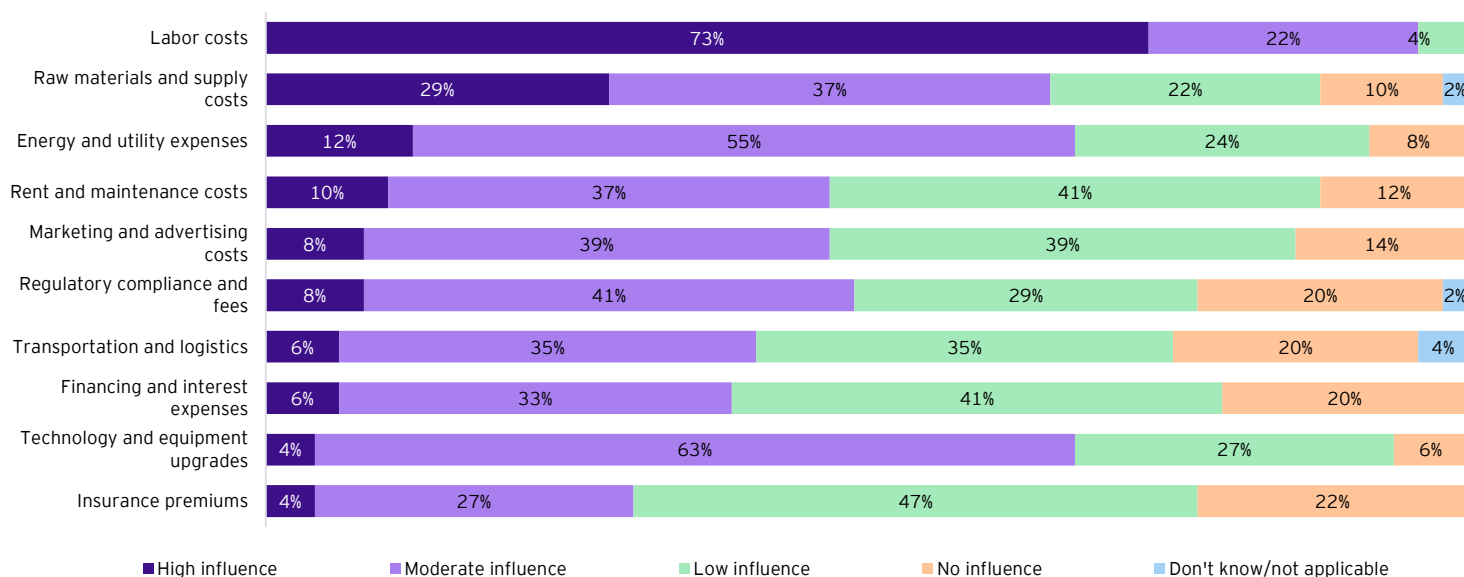
Energy and utility expenses are viewed as a moderate influence by 55% of respondents in Croatia, indicating a growing concern over rising energy costs that could affect profitability and operational efficiency for businesses.

Rent and maintenance costs are perceived as a low influence by 41% of respondents, suggesting that Croatian organizations may have more stable or manageable real estate expenses compared to other cost factors.

More than half of the companies express concern over high labor costs, alongside challenges from technology and equipment upgrade and energy expenses, emphasizing the need for effective cost management strategies.



**Q:** Rate the level of influence each of the following factors has on increasing the costs for your organization?



Labor costs are perceived as a significant concern in Croatia, with 73% of respondents indicating high influence, compared to 56% in the CESA region. This highlights a more acute awareness of labor cost pressures among Croatian businesses, potentially affecting their financial strategies.

While raw materials and supply costs have a similar influence in both regions (29%), Croatian businesses show a higher tendency towards moderate influence (37%). This suggests that Croatian organizations may be more sensitive to fluctuations in supply costs, impacting their overall cost management strategies.

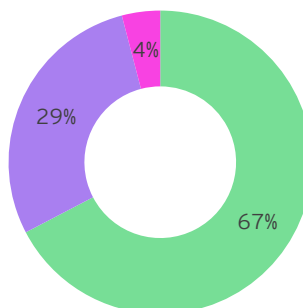
# 5

## Merger & acquisition

Only 4% of Croatian respondents express that they are very likely to sell part of their company in the next 12 months. This low percentage indicates a strong commitment to maintaining ownership and control, reflecting a focus on long-term business development rather than immediate divestment.

**Q:** How likely are you to sell part of your company in the next 12 months?

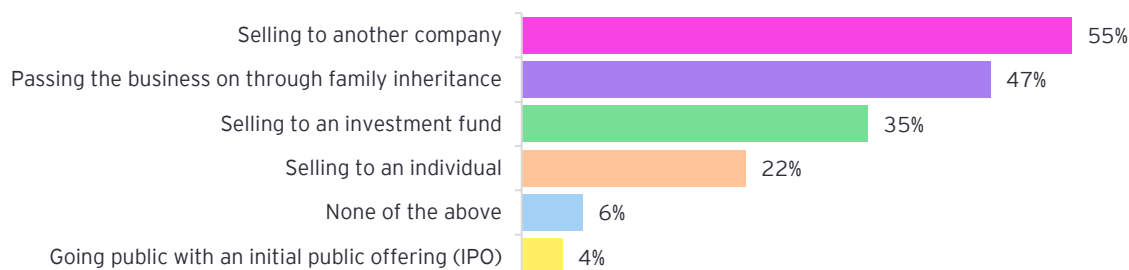
■ Not at all likely  
■ Somewhat likely  
■ Very likely



A significant 55% of Croatian respondents indicate they would consider selling to another company as a legacy planning option. This suggests a strategic mindset among business owners, viewing mergers and acquisitions as viable pathways for growth and transition, rather than relying solely on family inheritance or individual sales.

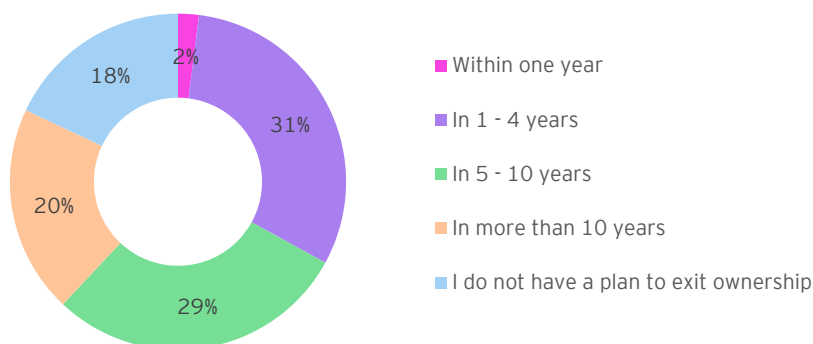
In Croatia, entrepreneurs are committed to ownership, with many considering strategic legacy planning options, reflecting a proactive approach to future transitions and business sustainability.

**Q:** Which of the following legacy planning options for the future management of your company would you consider?



The preference for exiting ownership within 1-4 years is notable at 31%, suggesting that many Croatian business owners are contemplating a relatively short-term horizon for transitioning their business, potentially indicating readiness for change or new opportunities.

**Q:** When would it be realistic for you to exit the ownership structure of your company?



In both regions, a significant majority (67%) are not likely to sell part of their company in the next 12 months. This indicates a general reluctance to divest, suggesting a focus on commitment, long-term growth and stability.

While 42% of CESA respondents consider passing the business through family inheritance, Croatia shows a higher preference at 47%. This suggests a stronger inclination towards family legacy in Croatia, reflecting cultural values around business continuity.

A significant 30% of CESA respondents do not have an exit plan, compared to 18% in Croatia. This indicates that Croatian entrepreneurs may be more proactive in considering their future ownership transitions.

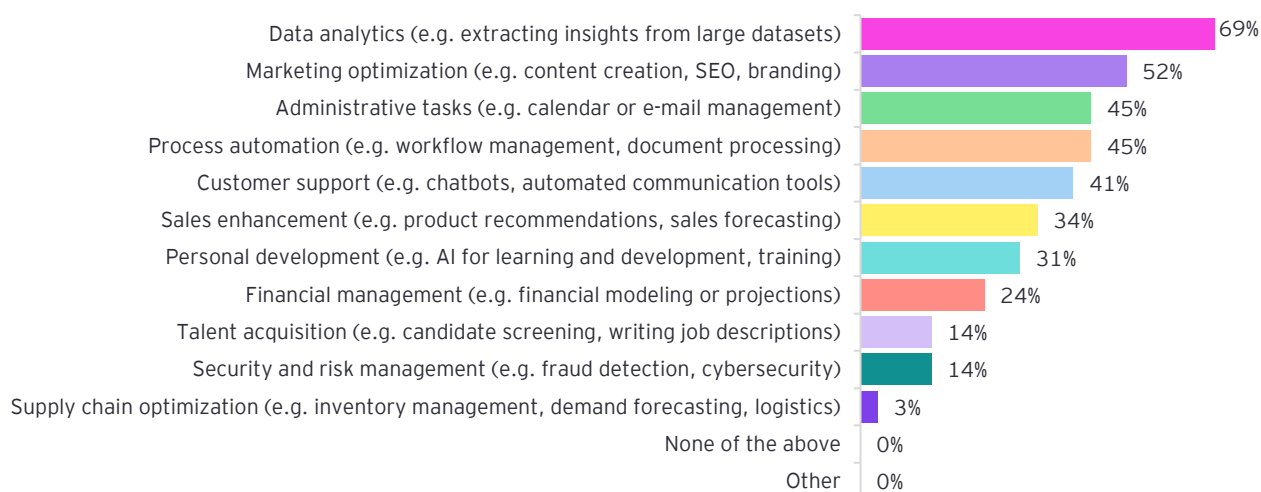
# Artificial intelligence

## Adoption of AI

Croatian entrepreneurs demonstrate a strong commitment to AI implementation, particularly in data analytics and marketing.

A notable 52% of Croatian businesses have adopted AI for marketing optimization, showcasing a strong emphasis on enhancing brand visibility and customer engagement through advanced technologies, which is crucial for competitive advantage.

**Q:** In which of the following areas have you implemented AI in your business operations?



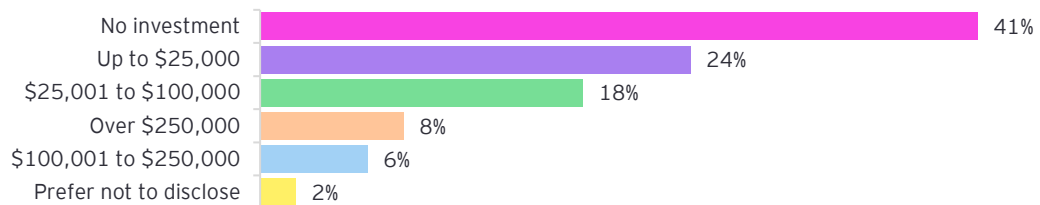
In Croatia, 69% of businesses have implemented AI in data analytics, significantly higher than the 55% in CESA. This indicates a stronger focus on leveraging data insights in Croatia, reflecting a proactive approach to utilizing AI for strategic decision-making.

## AI investment plans

Croatian entrepreneurs exhibit cautious investment in AI but maintain high expectations for its transformative impact, particularly in enhancing operational efficiency and quality control.

A significant 41% of Croatian businesses reported no investment in AI over the past three years, indicating a potential gap in technological advancement and a need for increased awareness about the benefits of AI integration. In CESA, 43% of businesses reported no investment in AI over the past three years, which indicates a cautious approach towards AI investment in both regions, reflecting potential barriers to adoption.

**Q:** Please indicate the range of your business's investment in artificial intelligence (AI) over the past three years?



An impressive 55% of Croatian respondents believe AI will substantially reduce errors and improve quality control, showcasing a strong expectation for AI to enhance operational reliability and effectiveness in their businesses.

**Q:** How do you anticipate AI will impact your business in the next five years?







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Investing in AI technologies can optimize processes and enhance operational efficiency. Addressing concerns about implementation costs and data privacy will be essential for successful adoption.

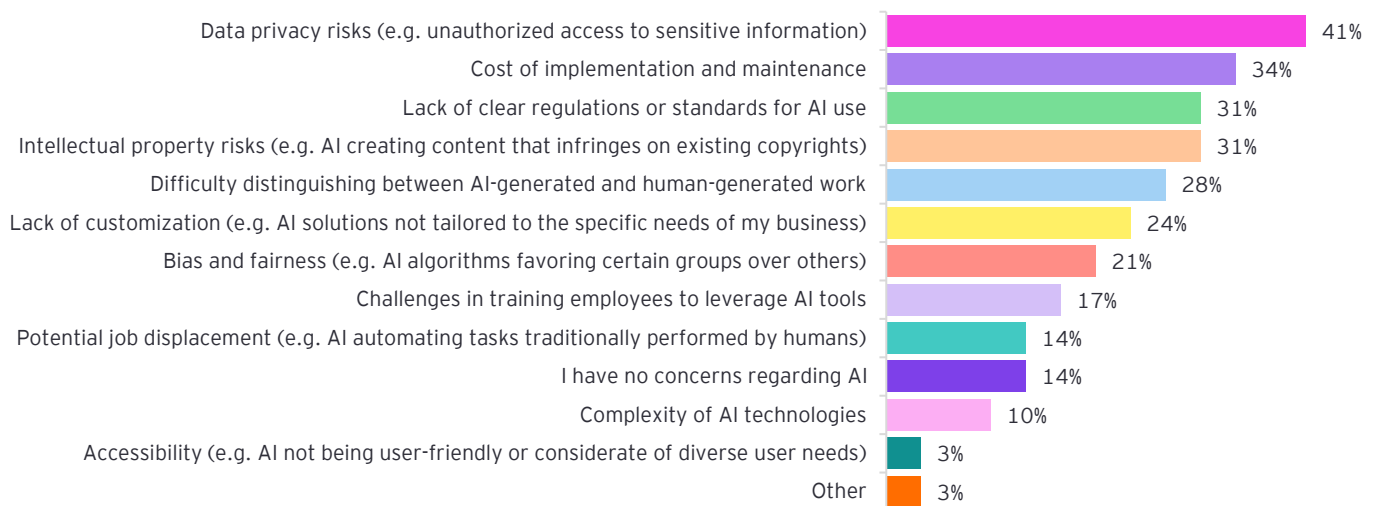
Croatian businesses are more optimistic about AI's potential benefits, with 79% expecting significant enhancements in operational efficiency, compared to 68% in CESA. This suggests that Croatian entrepreneurs may be more proactive in leveraging AI for growth and innovation.

## Major AI concerns

While Croatian entrepreneurs demonstrate a strong commitment to AI implementation, they also express concerns about costs and data privacy, shaping their strategic decisions.

34% of respondents are concerned about the cost of implementing and maintaining AI technologies, indicating that financial considerations play a significant role in the decision-making process regarding AI adoption.

**Q:** Which of the following concerns, if any, do you have about using AI in your business?



Data privacy risks are a major concern for 48% of CESA respondents, compared to 41% in Croatia. This highlights a heightened awareness of data security issues in the CESA region, which may influence AI adoption strategies.

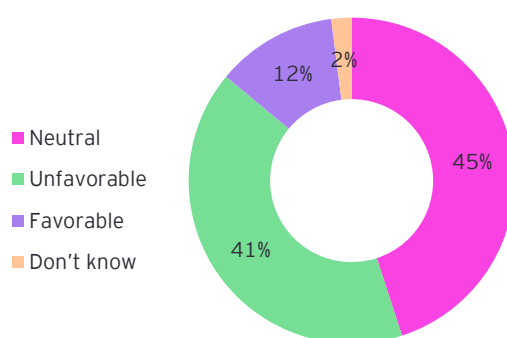
# 7 Entrepreneurial ecosystem

## Current ecosystem

Croatian entrepreneurs face significant challenges, including regulatory complexity and a lack of skilled talent, which hinder their ability to innovate and thrive in a competitive landscape.

Only 12% of Croatian entrepreneurs assess the current conditions for their businesses as favourable, highlighting a prevalent sense of uncertainty and concern regarding the entrepreneurial landscape in the country.

**Q:** How do you assess the current conditions for entrepreneurial businesses in your country?



In CESA, 50% of respondents view the current conditions for entrepreneurial businesses as unfavorable, while 41% of Croatians share this sentiment. This indicates a slightly more optimistic outlook among Croatian entrepreneurs regarding their business environment.

## Regulatory environment

A significant 37% of Croatian respondents believe that local regulations are complex and resource-intensive, which can hinder innovation. This reflects a critical need for regulatory reform to foster a more conducive environment for business growth.

**Q:** How do local regulations and business practices in your country affect your ability to innovate and grow your business?

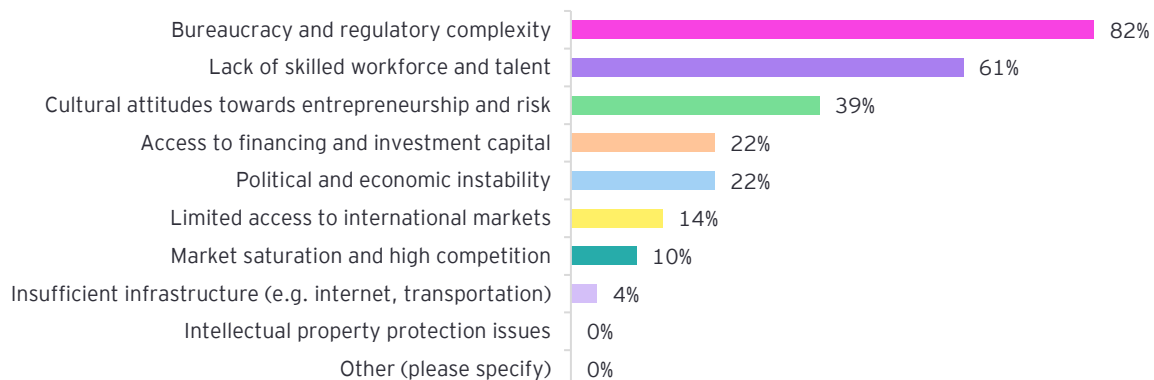


## Barriers

The lack of a skilled workforce and talent is identified by 61% of Croatian entrepreneurs as a major barrier, indicating a pressing need for education and training initiatives to support entrepreneurial development in the country.

Bureaucracy and regulatory complexity are seen as significant barriers by 62% of CESA respondents, compared to 82% in Croatia. This suggests that while both regions face challenges, Croatian entrepreneurs perceive bureaucracy as an even greater obstacle to their ventures.

**Q:** What are the most significant barriers to entrepreneurship in your country?



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Engaging with policymakers to advocate for simpler regulations can help reduce bureaucratic barriers, creating a more supportive environment for entrepreneurship and fostering business growth and innovation in Croatia.



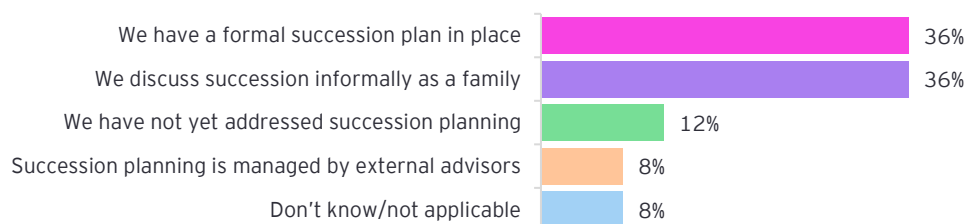
# Family enterprise

## Succession planning

Croatian family businesses emphasize proactive succession planning and wealth preservation strategies while navigating challenges related to balancing family interests and innovation, ensuring their long-term sustainability and success.

A balanced approach to succession planning is evident in Croatia, with 36% of family businesses discussing succession informally and another 36% having formal plans. This dual strategy highlights the importance of both structured and open communication in family business dynamics.

**Q:** How do you manage succession planning in your family business?

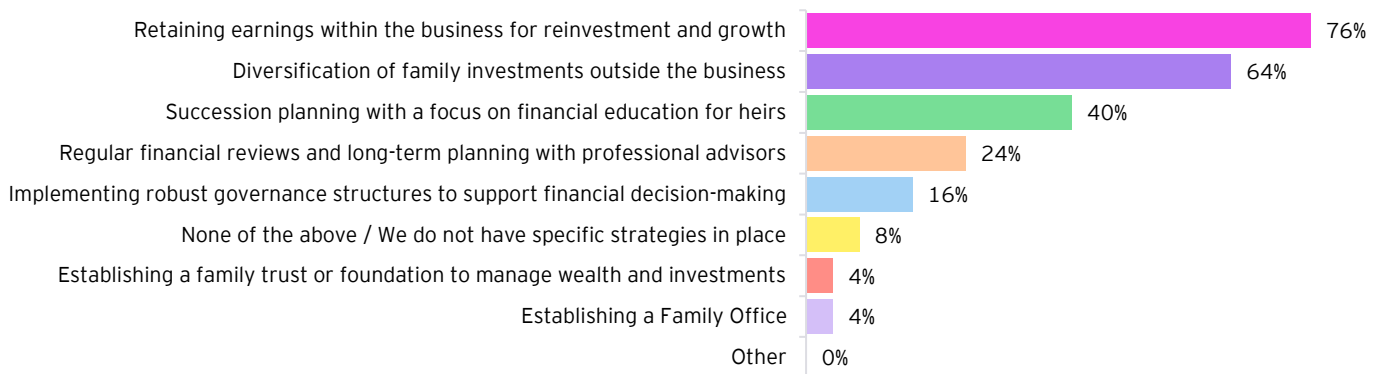


Formal succession planning numbers for Croatia are slightly higher compared to 23% in CESA. This indicates a more proactive approach among Croatian family businesses towards planning for future leadership transitions.

## Family business strategy

A significant 76% of Croatian family businesses prioritize retaining earnings for reinvestment and growth, indicating a strong focus on long-term sustainability and financial health within the family business landscape.

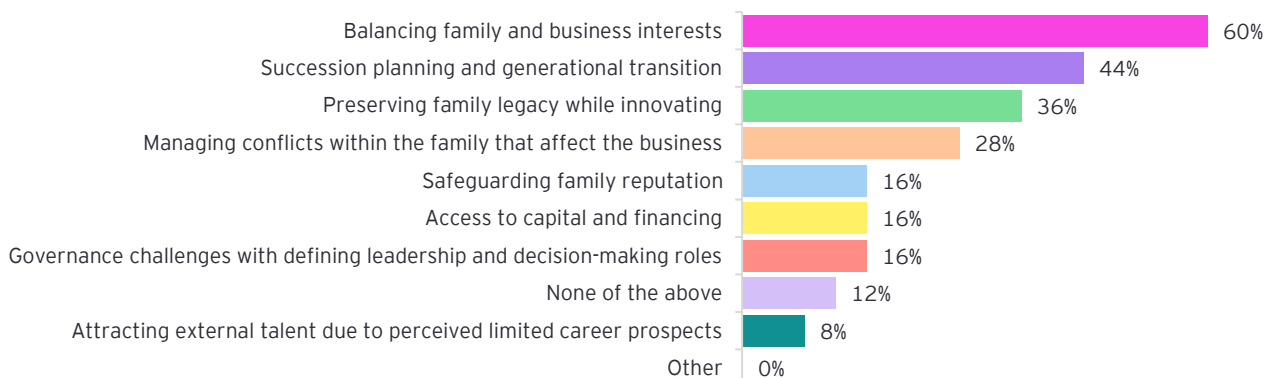
**Q:** What strategies do you use to preserve family wealth and ensure the long-term financial sustainability of the family business?



## Challenges

Balancing family and business interests is a significant challenge for 60% of Croatian family businesses, compared to 45% in CESA. This suggests that Croatian family businesses may face greater difficulties in harmonizing personal and professional dynamics.

**Q:** What unique challenges does your family business face compared to non-family businesses?



# About the survey

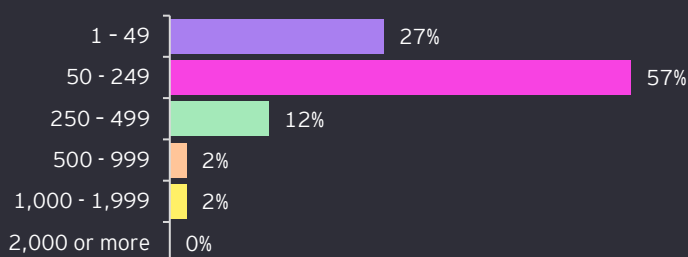
The EY Entrepreneurship Barometer is based on a survey of 1,031 entrepreneurs in Central, Eastern and Southeastern Europe & Central Asia (CESA) region, including Croatia. This is the third survey of this kind conducted in Croatia among successful entrepreneurs, candidates of nine previous EY Entrepreneur of the Year programs. This year, the survey was conducted among 16 countries from CESA region during February and March 2025, through an online questionnaire. Respondents in Croatia come from various industries, including industrials and energy, technology, media and telecom, consumer and health.

The primary aim of this survey is to gain a deeper understanding of the entrepreneurial environment and the challenges faced by entrepreneurs in Croatia and the broader region. The insights gathered provide valuable information on what drives entrepreneurs, the obstacles they encounter, and the key factors that contribute to their success and value creation.

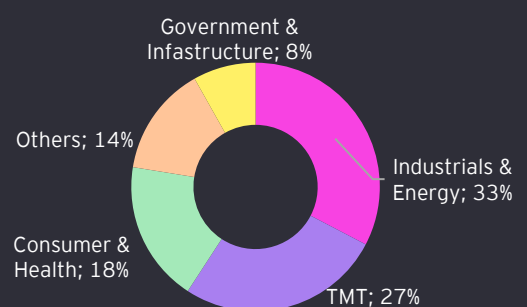
Moreover, the survey results offer entrepreneurs a unique opportunity to better comprehend the business landscape in Croatia and the region. By learning about the similarities and differences among their peers, entrepreneurs can gain a broader perspective and potentially identify new strategies for growth and innovation.

## Respondent profile - Croatia

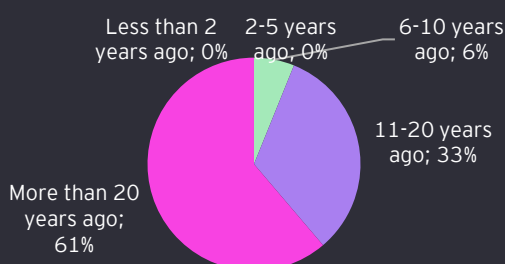
Headcount



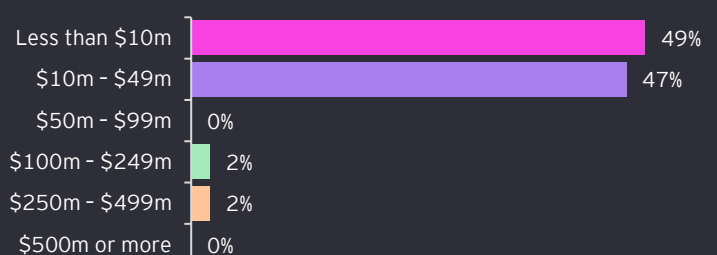
Industry



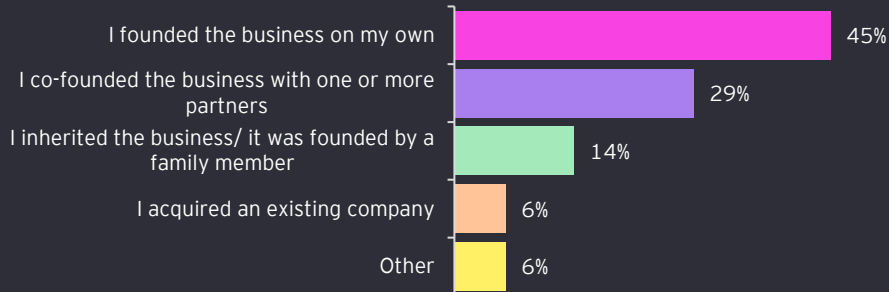
Years founded



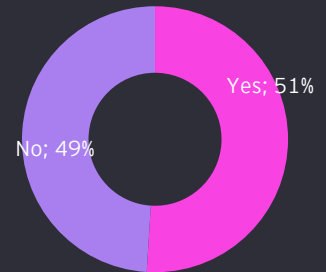
Annual revenue (USD)



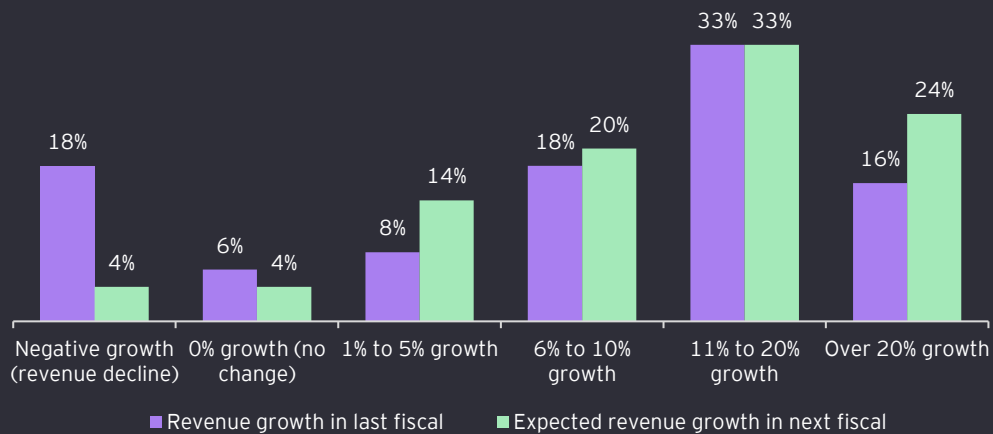
## Who founded the business



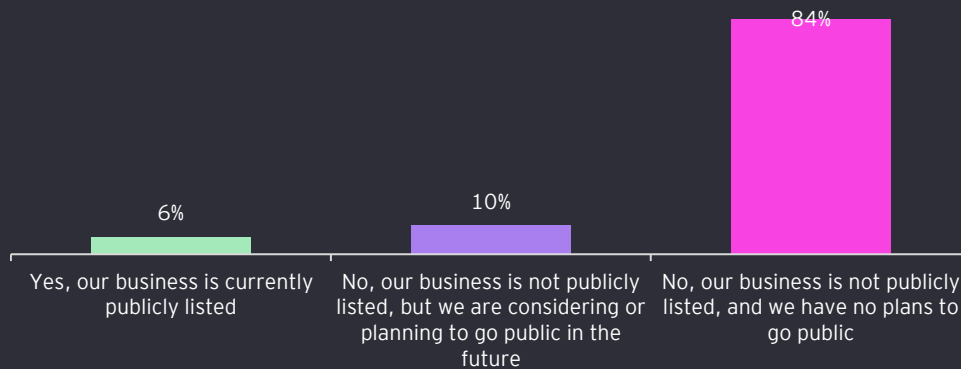
## Family business



## Revenue growth %



## Publicly listed company



## EY | Building a better working world

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

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