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Focus Group Findings: Croatia





Focus Groups

- Purpose of focus groups: policy analysis
- 3 focus groups in each country (Bulgaria, Croatia, FYR Macedonia)



Reasons for undeclared work

- Taxes and social contributions
- Necessity
 - “Better to work on an undeclared basis than not to work at all”
 - “It is hard to find a regular job nowadays”
 - “The income they get from the main job is often insufficient”
- High unemployment/poor economic situation



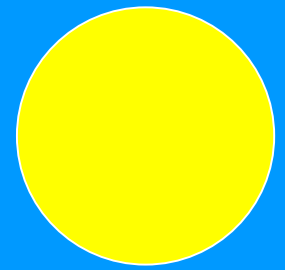
Reasons for undeclared work

- Individualist motivations
 - “It pays out more” “greed of employers”
 - “People always find their own interest”
 - “...desire for profit”
- Normalisation
 - “...people have a habit to pay in cash for small maintaining services”
 - “It is a part of Croatian mentality and tradition to always strive to evade taxes and contributions.”



Reasons for undeclared work

- Lack of trust in formal institutions
 - “...some people do not believe in the Croatian judiciary system”
- Corruption was frequently mentioned and discussed in varying concepts



Measures that have been applied

- Fiscal Cash Registers

“which resulted in an increase of the total revenues of the public budget”



Measures that have been applied

- Workplace training without employment (active labour market measure)

“Companies abuse the system by constantly employing new people on a period of one year, while everything is paid by the state.”

“Companies cannot act in this way because the law prevents such behaviour”

- Various incentives (benefits for employing certain groups)



Measures that have been applied

- Competition for sending receipts to the Tax Administration

“some people that indeed participated in this game and were persistent in asking for a receipt.....but not from the people they know”

“I must admit that my perception and attitudes have changed in this respect. Now I expect to get a receipt by default, which was not the case before.”



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Perspectives on Policy Approaches



Deterrence

“We are already sufficiently punished”

“It would just further deter people from starting their own business”

“The inspectorate unlawfully froze my bank account”





Incentives

“There should be more incentives, particularly various tax exemptions”

“Something that will stimulate the official economy”

“Instead of creating new permanent jobs, the State is spending money on one-year employment subsidies”

“...there are some positive effects of these subsidies. With the increase of employment subsidies... many new...second-hand shops were opened.”

“one measure...or two or three...are not enough”



Awareness raising campaigns

“I saw such signs in Slovenia and really liked them”

“I find this really stupid. They want to prove that they did something! Of course, this was a minimum they should have done [i.e. building roads, buying police cars...]... I want to see where the rest of the money goes...such messages would have a counter effect in my case.”

“This mentality is very hard to change.”



Education

“I think that not much can be done with the existing ‘cosmetic changes’”

“people should be educated”

“It should be explained to workers that it is their responsibility to control whether social security contributions are paid for them.”



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Public buy-in of policy measures





How to achieve public buy in?

“I think that all the changes should start from the top of the pyramid. People will find it much easier to change their behaviour if politicians do so first and if some significant reforms of the public sector are done.”



Limitations

- Small sample size
- Self-serving bias
- Sensitive topic
- Group conformity
- Interviewer/facilitator bias