



BALKAN BAROMETAR 2018

Pocket
edition

**Good.
Better.
Regional.**



RCC'S BALKAN BAROMETER 2018

BALKAN BAROMETER, THE VOICE OF THE BALKANS

The 2018 edition of BALKAN BAROMETER (BB) is fourth in a row instalment in the series of annual public opinion surveys commissioned by the Regional Cooperation Council.

It collects and analyses data across a host of thematic areas, examining aspirations and expectations of the region's populations and its business community on life and work, prevalent socio-economic and political trends as well as regional and European integration, among others.

Balkan Barometer pocket edition features the main thoughts of people and businesses on prevailing issues facing our economies, through infographics.

This survey, conducted by GfK among 6000 citizens and 1200 companies at the end of 2017 throughout our part of Europe, is an easy-to-access source of information. The RCC website www.rcc.int permits download of both components of the Balkan Barometer – Public Opinion Survey and Business Opinion Survey – as well as their datasets which are easily searchable.

Check it out at:

<http://www.rcc.int/seeds/results/2/balkan-opinion-barometer>

<http://www.rcc.int/seeds/results/3/balkan-business-barometer>



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SUMMARY

The findings of the Balkan Barometer 2018 show that public satisfaction, while still below average, is steadily improving. As has become tradition, the region is much more positive about the future than about the current state of affairs. Political stability is once again proven a critical prerequisite for satisfied public, and the same is true of economic growth.

Unemployment is still seen as the most important problem facing the region. A signal of improvements in the labour market in the region is also the declining importance ascribed to contacts in high places as one of two most important factors in getting a job. This is an encouraging development that will probably be sustained

should the employment growth continue in the next period. Interestingly, brain drain/emigration is increasingly seen as a major challenge by the region's citizens.

While improving economic situation and growing employment affected the sentiments positively, political situation is still driving down the perceptions. Low confidence in political institutions and widespread citizen apathy is still evident, as the majority of respondents note their reluctance to engage in government decision-making. This is a major threat to the region's future democratic development.

On the other hand, some progress was made in government performance across a number of indicators that should serve as a precursor for a more serious effort to reform the way governments go about their business.

Improvements are also evident in regional attitudes towards EU integration.



BALKAN PUBLIC AND
BUSINESS SENTIMENT
INDEX



The overall level of satisfaction is steadily improving among the population of the region, as Public Sentiment Index has risen

BY 7%



which

is an encouraging trend that instils
OPTIMISM FOR THE COMING YEARS



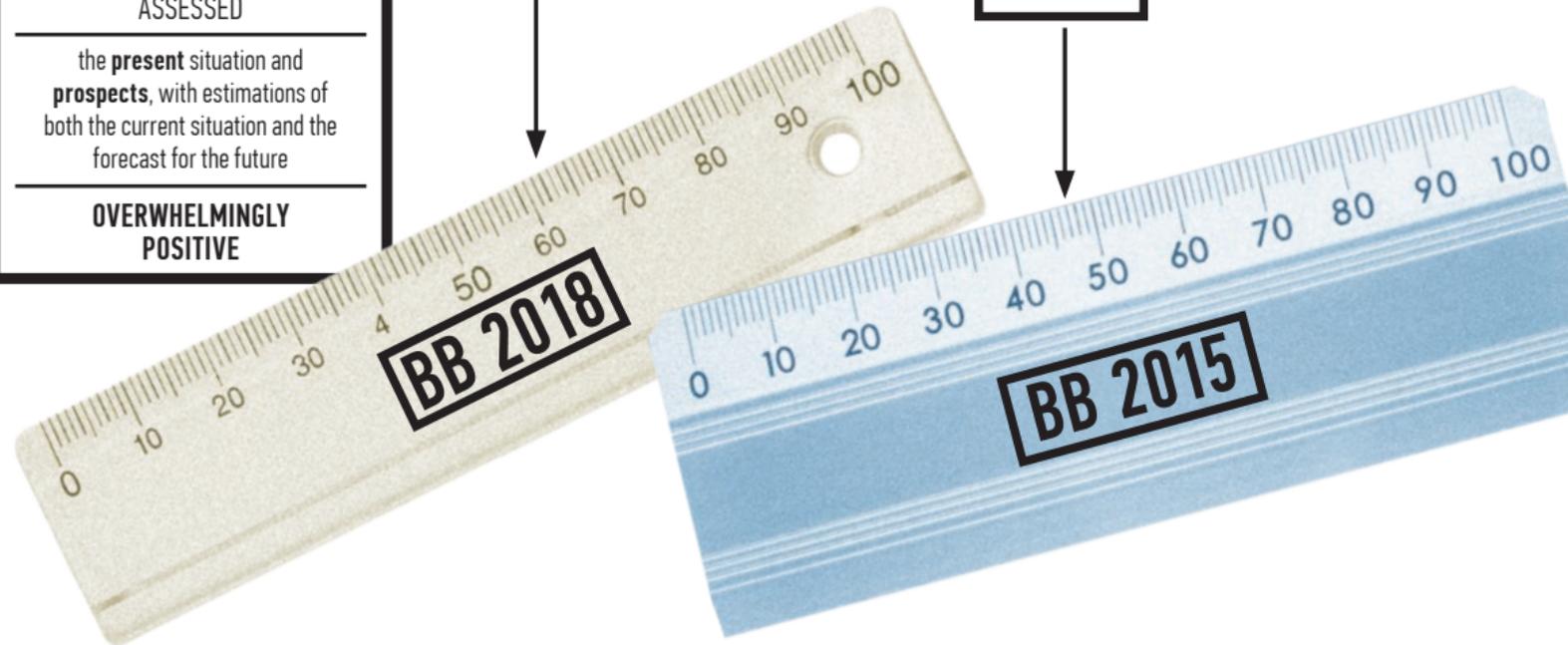
Region's
BUSINESSES POSITIVELY ASSESSED

the **present** situation and **prospects**, with estimations of both the current situation and the forecast for the future

OVERWHELMINGLY POSITIVE

62

47





LIFE SATISFACTION
INDEX



REGION'S CONCERNS REGARDING UNEMPLOYMENT
REMAIN DOMINANT, ALTHOUGH TO A LESSER
DEGREE THAN IN PREVIOUS YEARS.

	BB 2016	BB 2017	BB 2018	
Unemployment	67	66	61	6% less than BB 2016
Economic situation	55	48	46	9% less than BB 2016
Corruption	28	32	29	3% less than BB 2017
Crime	14	17	16	2% more than BB 2015
Brain drain / emigration	7	10	12	5% more than BB 2016

The economic
situation, corruption
and crime are
also perceived as
problematic by fewer
respondents.

At the same time,
anxieties over the
BRAIN DRAIN
are on the rise
compared to
previous years.

56%
of citizens are
unsatisfied with the
current situation in
their economy,
WHICH IS 7%
LOWER THAN IN
BB 2015.

14%
are satisfied with the
current situation in
their economy,
WHICH IS 5%
HIGHER THAN IN
BB 2015.

A more positive assessment of the respondents' current
satisfaction with life, work and finances throughout the
region is directly linked to improved economic performance.



Sharp decrease in the number of businesses who report deterioration of their operations

DOWN TO 29% FROM 36% IN BB 2017

while a higher proportion of companies report stagnation

UP TO 49% FROM 44% IN BB 2017



40%

of company leaders report improvement in their business situation over the previous year.

There is a higher number of businesses who report no change

45%

AN INCREASE COMPARED TO 41% RECORDED IN BB 2017



And fewer companies with deteriorating circumstances

DOWN TO 14% FROM 19% IN BB 2017.

ATTITUDES TO SOCIAL INCLUSION OF VULNERABLE GROUPS



EVERYONE MATTERS

INTEGRATION OF ROMA

and its importance to regional cooperation was rated by the people in the region

WITH 2.8 ON THE SCALE OF 1-5

Roma integration in the context of EU accession only brings about a minor improvement in this regard,

with **3.0**



Nevertheless,

this still indicates a modest surge in perception compared to last year

2.6 AND 2.7, RESPECTIVELY

76%

or 4% more than the last year, of the region's population believe their governments should provide affirmative measures and

PROMOTE OPPORTUNITIES FOR EQUAL ACCESS OF ROMA POPULATION

when applying for secondary school or university



Overall, the numbers across the region, while moving in a relatively positive way, still show a concerning lack of empathy for categories of population suffering from one form of social exclusion or another.

12%

of business leaders **WOULD NOT HIRE A ROMA PERSON**

regardless of their job qualifications and another



21%

are unsure - which makes

33%

OF BUSINESSES HOLDING A STRONG PREJUDICE AGAINST THE ROMA COMMUNITY



The majority of region's corporate leaders

69%

feel that Roma employees would have no impact on their sales or the working environment

BUT THOSE WHO CONSIDER ROMA HIRES TO BE DETRIMENTAL TO THEIR COMPANY'S WORKING ENVIRONMENT (15%) OUTNUMBER BY 3 TIMES THOSE WHO CONSIDER THEIR EMPLOYMENT BENEFICIAL (5%).

56%

of private companies in the region do not employ members of socially vulnerable groups



Even more worrisome is the fact that the number of companies employing ethnic minorities is down

TO 13% FROM 24% IN BB 2017,

while persons with disabilities are only

FOUND IN 13% OF SURVEYED COMPANIES - DOWN FROM 19% IN BB 2017.

59%

feel that gender does not play a role in hiring.

Still

27%

prefer to employ men

while only

8%

have a preference for women employees.



REGION'S BUSINESSES SAY THEY EMPLOY:

63% OF MEN
less than 65% in BB 2017

37% OF WOMEN
more than 35% in BB 2017

Female job seekers are much more likely to find employment in educational/arts/scientific professions

49%



which is also true for firms operating with foreign assets

45%

and those focused on domestic markets

38%

UNEMPLOYMENT AND RISK OF POVERTY





27%

of people say their status is below average

24% in BB 2016

Slightly

smaller number of people in the region says

THE GAP BETWEEN THE RICH AND THE POOR IS INCREASING IN THEIR ECONOMY,

83%,
in comparison to BB 2016 when
88%
said so.

69%

of people in the Balkans estimated their current socio-economic status as average,

WHICH IS A SLIGHT INCREASE FROM BB 2017,
WHERE 67%
of them said so.



33%

of the region's businesses expect to increase the number of employees and

only **18%**

feel they would have to decrease it over the next year,

while **55%**

expect no change!

BB 2018 SURVEY

DATA INDICATES A CONSIDERABLE INCREASE IN PERCEPTION OF EMPLOYMENT

from **45%** in BB 2015 to **51%** in BB 2018,

including those self-employed and those moonlighting.

40%

of industrial manufacturing companies and **44% OF THOSE THAT EXPORT THEIR PRODUCTS OR SERVICES** are more positive with regards to their immediate hiring prospects.



On the Balkans' average, the citizens have faced the following situations over the past 3 years:



39%

say someone from their family, a relative, or a friend lost their job
48% SAID SO IN BB 2015

28%

say a colleague lost his/her job
30% SAID SO IN BB 2015

11%

say they lost their job
13% SAID SO IN BB 2015

Compared to earlier surveys (BBs 2015-2017), the situation has improved across all observed parameters, with fewer people now unable to pay or afford basics.

47%

of people say they were unable to afford a weeklong holiday away from home over the past 12 months
IN BB 2015 53% SAID SO



19%

say they were unable to keep their home adequately warm
IN BB 2015 22% SAID SO



21%

of the population say they could not pay the rent or utility bills
IN BB 2015 29% SAID SO



while

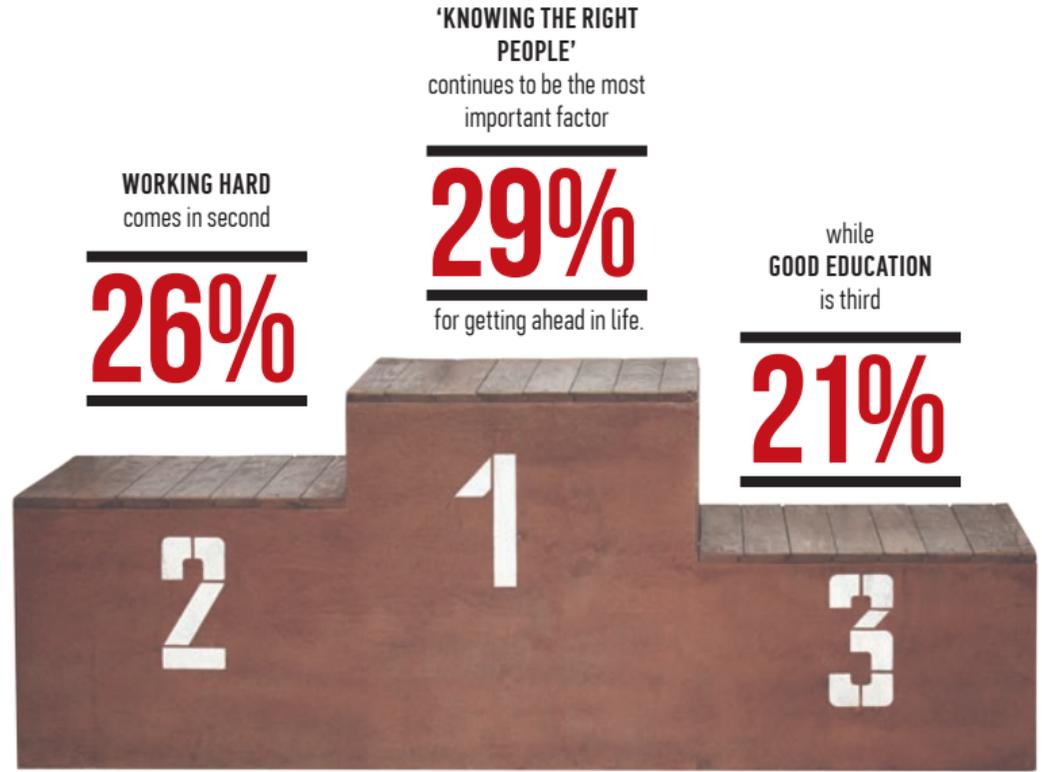
14%

report they were unable to afford basic supplies, such as clothes, food and the like
IN BB 2015 21% SAID SO



EMPLOYABILITY AND
THE LABOUR MARKET





Nevertheless,

compared to BB 2017, slightly more importance is ascribed to having good education

IN BB 2017 IS 19%

and slightly less to knowing the right people

IN BB 2017 IS 32%



The most frequently cited obstacles to employment in the SEE region are:

45%
not knowing the right people, as opposed to **48%** IN BB 2015



43%
lack of adequate jobs, as opposed to **61%** IN BB 2015

20%
discrimination, as opposed to **26%** IN BB 2015



PERCEPTIONS OF
TRADE



More than half of the region's population,

53%

FEEL THAT TRADE LINKS BETWEEN THEIR RESPECTIVE ECONOMIES AND THE REGION SHOULD IMPROVE;



24%

consider the links appropriate,

while

6%

consider them already too strong.



The number of individuals who perceive foreign companies entering the market as ADVANTAGEOUS continued to rise,

FROM 57% IN BB 2016 TO 63% IN BB 2018.

Only
8%

of businesses have invested abroad or plan to do so in the near future.



66%

of these have invested, or plan to invest, in the region,

while roughly

50%

see the EU as a prospective investment destination.

This replaced 'inferiority of goods and services on offer' as the main obstacle to export, which came in 2nd

36%

while lacking capacities stayed in third, but with less companies than in the past

DOWN TO 17% IN BB 2018 FROM 23% IN BB 2017



33%

of companies from the region say they export their goods and services (less than 38% in BB 2017)

with

87%

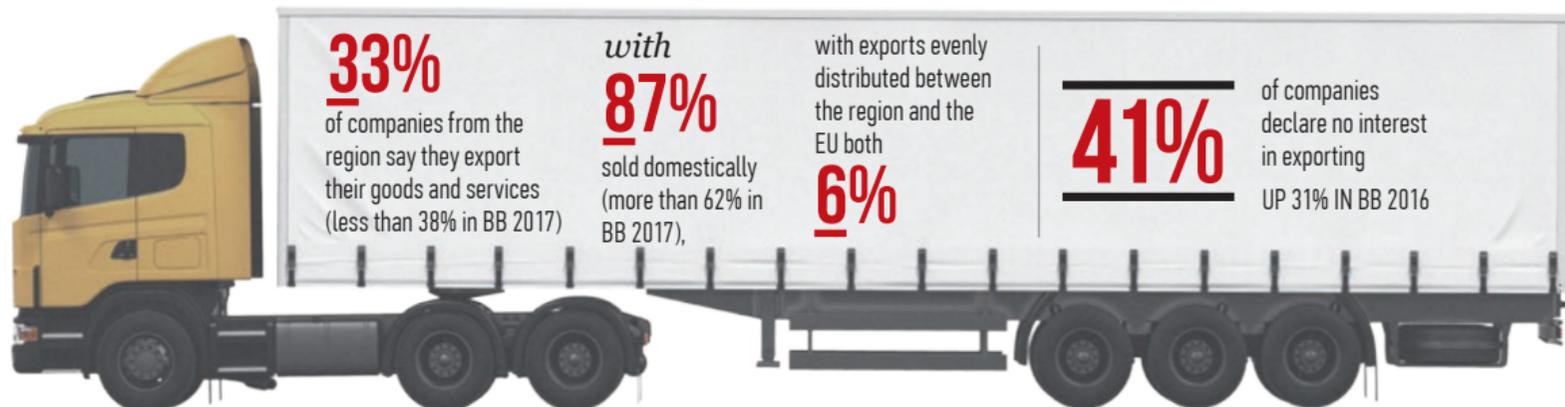
sold domestically (more than 62% in BB 2017),

with exports evenly distributed between the region and the EU both

6%

41%

of companies declare no interest in exporting
UP 31% IN BB 2016





45%

of business leaders still see their economy as a good place to invest.

TAXES
WITH 39% BUT
DOWN BY 7%
FROM BB 2017



**REGULATORY
OBSTACLES TO
SUCCESS OF
BUSINESSES IN
THE REGION:**



**TRADING
STANDARDS**
16%



**EMPLOYMENT
REGULATION**
WITH 25%



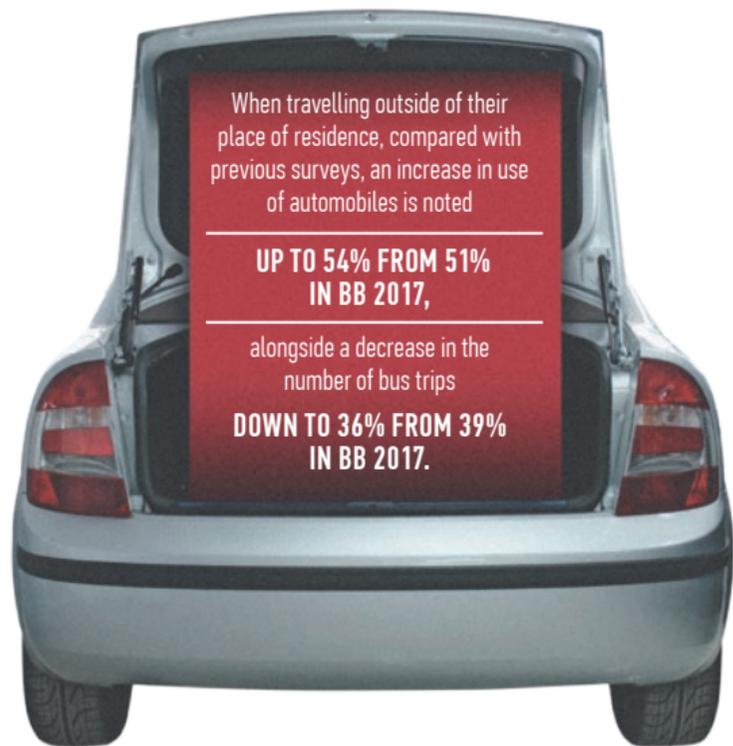
MINIMUM WAGE REGULATIONS
22% WITH CONSIDERABLE
INCREASE FROM 12% IN BB 2017



**ALL
REGULATIONS**
19%

PERCEPTIONS ON
TRANSPORT AND
INFRASTRUCTURE





The quality of transport within the region is assessed better at

2,8

than that of the respective respondent's economy at

2,6

ON THE SCALE FROM 1 TO 5



THERE IS A MODEST INCREASE IN THE NUMBER OF PEOPLE WHO DESCRIBE ROAD TRAVEL AS SAFE

UP TO 49%

IN BB 2017,



and an almost proportional decrease in the number of those who disagree with this statement

DOWN TO 49%

FROM 50% IN BB 2017.

In addition, people who rate their social status as above average (69%) are more likely to believe that travelling by road is safe.

53%

of regional executives see road construction as the infrastructure IMPROVEMENT POTENTIALLY MOST BENEFICIAL TO THEIR BUSINESS

58% in BB 2017

followed by upgrades in power which ranked second with

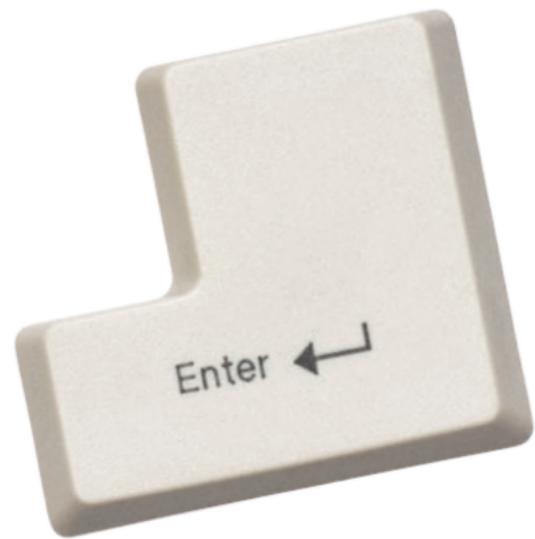
14%

UP FROM **10%** IN BB 2017



and telecommunications with

11%



DIGITAL LITERACY AND
DIGITAL SKILLS





The Internet is predominantly used for communication with colleagues, friends and family

60%

AS WELL AS FOR ENTERTAINMENT (50%) AND NEWS (47%).



42%



of people say that removal of mobile phone roaming charges when travelling within the region

WOULD HAVE A POSITIVE IMPACT ON THEIR HOUSEHOLD BUDGET



Internet in companies is overwhelmingly used for:

83% COMMUNICATION
51% COMPANY WEBSITE

32%

of companies in the region sell their products **ONLINE**.

but businesses also use it for:

45% ONLINE BANKING
43% DIGITAL MARKETING
38% FOR RESEARCH, DEVELOPMENT AND NETWORKING PURPOSES



ATTITUDES TOWARDS
MOBILITY



Some

39%

of all respondents in the region have considered moving abroad for work, A SIGNIFICANT DROP FROM

46%

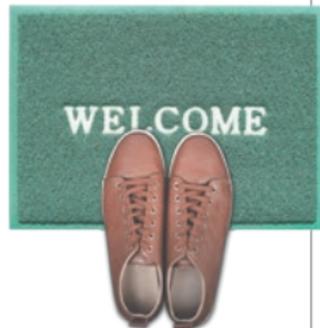
IN BB 2015.



When traveling to other cities in the region most people,

59%

FEEL WELCOME
(in BB 2015 57%)



3%

did not feel welcome

in any city in the region, which is a number reduced by half

COMPARED TO 6% IN BB 2015

When asked is it good or bad for people from other parts of the region to come to live and work in their economy, people said:



Good

31%
in BB 2018
(5% increase)

26%
in BB 2015

Bad

19%
in BB 2018
(11% decrease)

30%
in BB 2015

More than half of the Balkans population are

EQUALLY ACCEPTING OF TOURISTS FROM THE REGION AND THOSE FROM THE REST OF THE WORLD

62%



Tourists from outside the region are preferred by

21%



while only

5%

PREFER TOURISTS FROM THE BALKANS.

45%

of companies are likely to employ workers from abroad

while

28%

admit that they are not open to foreign hires

with

20%

of employers undecided.





ATTITUDES TOWARDS
CLIMATE CHANGE AND
ENERGY



*When compared to
BB 2016,*

the number of people in the region
who perceive climate change as a
problem has risen

FROM 68% TO 76%

in BB 2018.



At the same time,
the number of those who do not consider it a
problem at all downsized

**FROM 10% IN BB 2015
TO 4% IN BB 2018.**

71%

of businesses
77% IN BB 2017
have taken some
mitigation action to
reduce their harmful
impact on environment,

out of which

20%

21% IN BB 2017
feel that they've made
major steps,



27%

report no attempt to
minimize their companies'
environmental impact.

**PERCEPTIONS OF PUBLIC
INSTITUTIONS AND SERVICES
(INDEPENDENCE, FREEDOM, CORRUPTION)**





Compared to the BB 2015,

rating of treatment of citizens in public sector has improved

from **2.3** to **2.7** IN BB 2018

ON THE SCALE OF 1 TO 5

GOVERNMENT AGENCIES PROVIDE INFORMATION REQUESTED IN A TIMELY MANNER, ACCORDING TO HALF OF ALL RESPONDENTS IN THE REGION



meanwhile, **42% DISAGREE**

Responding to the question on application of laws and administration's efficiency, the most positive responses were given with regards to efficiency of administrative procedures in public sector

46%

AGREE WITH THE STATEMENT.



On the other hand,



79%

BELIEVE THAT THE LAW IS NOT APPLIED EQUALLY TO EVERYONE

Put in simple terms, the administration is perceived as working better than the legal system.

70%

SAY THAT THE LAW IS NOT APPLIED AND ENFORCED EFFECTIVELY

There is a worrying lack of trust in the institutions

THE LEAST TRUSTED INSTITUTION AT REGIONAL LEVEL IS PARLIAMENT

28%

whereas the ombudsman enjoys the highest degree of public trust

37%



Bribes appear to be the most prevalent in healthcare,

say

15%

OF RESPONDENTS, while less frequent in other sectors



police

6%

AND

judiciary

4%



These are considered the most corrupt by the Balkans population:

POLITICAL PARTIES BY

79%



JUDICIARY BY

75%

HEALTH CARE INSTITUTIONS BY

74%



CUSTOMS BY

74%



42%

of the population believe that religious authorities are corrupt

and

63%

BELIEVE THE SAME FOR EDUCATION SYSTEM.



The majority of see population,

70%

do not perceive their government as effectively combating corruption

WHICH IS SLIGHTLY SMALLER PERCENTAGE, AS IN BB 2015 **73%** OF PEOPLE SAID SO.



Significantly more companies than earlier feel that formally reporting wrongdoing to the relevant authorities is

THE MOST EFFECTIVE METHOD OF COMBATING CORRUPTION

up to **46%** from **39%**

IN BOTH BB 2017 AND BB 2016

Alarming, there is no change in the number of executives

28%

WHO FEEL THAT THERE IS NO RECOURSE TO WRONGDOING BY PUBLIC OFFICIALS,

indicating disillusionment with the public administration across the region.



Citizen participation in government decision-making is at an extremely low level across the region.

4%

participate in PUBLIC DEBATES



When asked for reasons for not being actively involved in government decision-making,

24%

OF THE BALKANS' CITIZENS SAID THEY **DO NOT CARE ABOUT IT AT ALL!**



46%

of the population **DO NOT EVEN DISCUSS** the government's decisions



32%

discuss them **PRIVATELY AND OUTSIDE** of a public setting

only **9%** PROTEST



Like



6%

COMMENT ON THE GOVERNMENT'S DECISIONS on social networks



Compared with the BB 2017, there is a slight increase in citizen involvement – it remains to be seen whether this is a passing trend caused by political turmoil or a more durable development indicative of the region's democratic development.



PERCEPTION OF
SECURITY



Satisfaction with the overall security situation in the region remains below average,



ON THE SCALE FROM 1 TO 5

with **2.6** IN BB 2018
from **2.5** IN BB 2017

ATTITUDES ON REGIONAL COOPERATION AND EU INTEGRATION





Regional cooperation continues to enjoy support across the region, as

72%

of people agree that regional cooperation can contribute to the

POLITICAL, ECONOMIC OR SECURITY SITUATION IN THEIR SOCIETY



Over half of the business community

56%

FINDS REGIONAL COOPERATION BENEFICIAL TO THEIR BUSINESSES



SUPPORT FOR EU MEMBERSHIP HAS INCREASED,

as

49%

of people, 8% MORE THAN in BB 2016, say that EU membership is a good thing!



Majority of business leaders,

53%

feel that accession would have positive impact on their company,

31%

of respondents are unsure

while only

9%

VIEW MEMBERSHIP THROUGH A NEGATIVE

LENS

When it comes to the region's economies' accession prospects, results are mixed.

COMPARED TO **27%** IN BB 2015,

only

12%

of respondents today foresee their economy joining the EU as

EARLY AS 2020.



But,

at the same time, there is a pronounced increase in the number of respondents who anticipate accession by 2030

FROM **14%** IN BB 2017 TO **20%** NOW.



26%

THINK IT WOULD NEVER HAPPEN,

which is a slight progress from the last year when

28% OF PEOPLE THOUGHT SO.

THE MOST STRIKING PERCEPTIONS IN EACH OF WESTERN BALKAN ECONOMIES



ALBANIA

People in Albania are most aware of the benefits of EU accession, across both the business community and the general public



16%

SAY THEY ARE SELF-EMPLOYED, which is significantly higher than the regional average (6%)

81%

of people in Albania think that

REGIONAL COOPERATION CAN CONTRIBUTE TO THE POLITICAL, ECONOMIC OR SECURITY SITUATION OF THE ECONOMY

and 64%

would want to see more information about the region



Significantly higher number of people who discuss the government's decisions, but not publicly,

said

49%

OF RESPONDENTS



MORE PEOPLE IN ALBANIA

28%

favour working in the private sector than anyone else in the region (16%)



BOSNIA AND HERZEGOVINA

Bosnia and Herzegovina prevalently pessimistic public opinion outlook is in contrast to the positive outlook of BiH businesses

68%

of people in Bosnia and Herzegovina say they are CONFIDENT IN KEEPING THEIR JOB in the coming 12 months

and 80%

estimate their economic standing as average, THE HIGHEST PROPORTION IN THE REGION



48%

of businesses say their SITUATION IMPROVED over the past 12 months

11%

of businesses claim their company INVESTED ABROAD or plans to do so in the next 12 months

COMPARED TO 8% OF COMPANIES REGIONALLY



Bosnia and Herzegovina's companies report the highest proportion of sales in export markets

19%

COMPARED TO 13% REGIONALLY



SERBIA

The economic situation is a significantly more pronounced concern in Serbia than in other economies

Significantly more families

55%

SAY THEY DO NOT HAVE UNEMPLOYED MEMBERS



Serbia is boasting the highest proportion of 'stayers' in the region, as

58%

say they would not consider moving abroad

versus

32%

who would



People, more often than the others

90%

SAY THEY CHOOSE DOMESTIC PRODUCTS



MONTENEGRO

Improving economic prospects affected a sharp increase in both present sentiment and outlook for the future

Hard work, as a prerequisite for success, is reported by

35%

of Montenegrins MORE THAN ANYWHERE ELSE IN THE REGION



Population is more likely to recycle waste and avoid the use of disposable items, such as plastic bags and the like, as reported by

44%

OF RESPONDENTS



Montenegro leads the region in perceptions in

timely

64%

complete

64%

and costs effective

58%

PUBLIC SERVICES

Montenegro recorded the highest jump in business expectations for the next year,

FROM 66% IN 2016 TO 81% IN 2017



KOSOVO*

Population in Kosovo* is most enthusiastic about the EU membership



More than any other economy its citizens are the most optimistic as

43%

FORECAST EU ACCESSION AS EARLY AS 2020

Kosovo* stands out with the highest share

22%

OF HOUSEHOLDS WITH THREE MEMBERS EMPLOYED



People are the most optimistic regarding their personal financial situation, as

42%

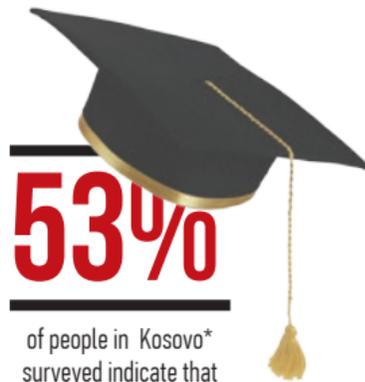
EXPECT TO SEE IMPROVEMENTS



45%

of businesses in Kosovo* indicate that the

GENERAL ECONOMIC SITUATION HAS IMPROVED OVER THE PAST 12 MONTHS, much higher than the regional average of 22%



53%

of people in Kosovo* surveyed indicate that having

A GOOD EDUCATION IS THE MOST IMPORTANT THING FOR GETTING AHEAD IN LIFE, compared to only 21% of respondents regionally

THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

The Former Yugoslav Republic of Macedonia now rides a wave of optimism following a resolution of a long-standing political crisis

The highest regional proportion of employed individuals,

75%

who are confident of continued employment

OVER THE NEXT 12 MONTHS



71%

of surveyed companies thinks that the

QUALITY OF REGIONAL COOPERATION IS EITHER VERY IMPORTANT OR IMPORTANT FOR THEIR BUSINESS

People

40%

more frequently agree that their government EFFECTIVELY FIGHTS CORRUPTION



35%

OF RESPONDENTS

are more proactive in getting informed about opportunities abroad



* This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence

[10]
YEARS
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