

# THE IMPACT OF THE BUSINESS SECTOR ON CHILDREN'S RIGHTS IN BULGARIA

## Key Findings and Recommendations

2020





*‘WHEN A YOUNG PERSON HAS AMBITION AND FINDS A BUSINESS OPEN TO HIS GOALS AND WISHES, WHEN THE AMBITION MEETS AN OPPORTUNITY, PERHAPS THE KEY (FOR BULGARIA) WILL BE FOUND’ Nora, 24*

## INTRODUCTION

The situation analysis ‘The Impact of the Business Sector on Children's Rights in Bulgaria’, which took place in the months of March-May 2020, is the [first such research in Bulgaria](#).

Its purpose was to contribute to understanding the extent to which children's rights, as an integral part of human rights, are recognised in the Bulgarian business sector and as a practice of corporate responsibility, and to determine the role of the core stakeholders in this process.

The [objective of the situation analysis](#) was to analyse the current state of children's rights in the Bulgarian business sector, namely:

- ▶ whether the business environment enables the exercise of rights for all children;
- ▶ identifying barriers/bottlenecks in the business sector that cause child rights deprivation;
- ▶ mapping the sectors with the greatest potential impact on the economy and children's rights;
- ▶ examining the direct and indirect impact of selected business sectors on children's rights, and the related risks.

## CHILDREN’S RIGHTS AND BUSINESS

*‘A successful businessman is not only being judged by the size of his operations, the number of employees, or companies. He has to be judged by his deeds; a charitable person who has reached the stage of donating his own capital for a cause’ – Konstantin, 16.*

Today, the power to make a systemic change no longer rests solely with governments and international organisations as the business sector has unparalleled skills, resources and reach. Companies, no matter of size and sector, can play a crucial role in shaping a more sustainable world for children today, and tomorrow. Therefore, it is not surprising that children are the most preferred cause for corporate responsibility projects of Bulgarian companies.

However, for the Bulgarian business sector, it is still unclear how it affects children and their rights.

Children are [key stakeholders of businesses](#), as consumers, family members of employees, young workers, future employees and business leaders. They are part of the communities and environments in which company operates. Through the business products and services, supply chains, manufacturing and marketing methods and distribution practices, as well as through their environmental impact and investments in local communities – business leaves a footprint on the lives of children, which can be positive or harmful. Moreover, business as a source of technology and innovation, with its substantial reach, voice and influence should not be neglected.

Figure 1. Impact and influence of the business sector on children (Source: UNICEF)



Business as **employer**

- Decent work
- Family-friendly workplace



Business as **provider of goods and services**

- Improved service delivery
- Support to children in emergencies



Business in the **community and towards the environment**

- Supporting access to community services
- Impact of pollution on health and development



Business as source of **technology and innovation**

- Harnessing big data
- Innovative digital solutions for children and families



The **voice and influence** of business

- Policy advocacy
- Power and reach of corporate media channels

Given the importance of children for the future and sustainability of Bulgaria, as opposed to mapped corporate responsibility initiatives and bottlenecks, the need to better understand, promote and support the impact of business on children's rights has been identified.

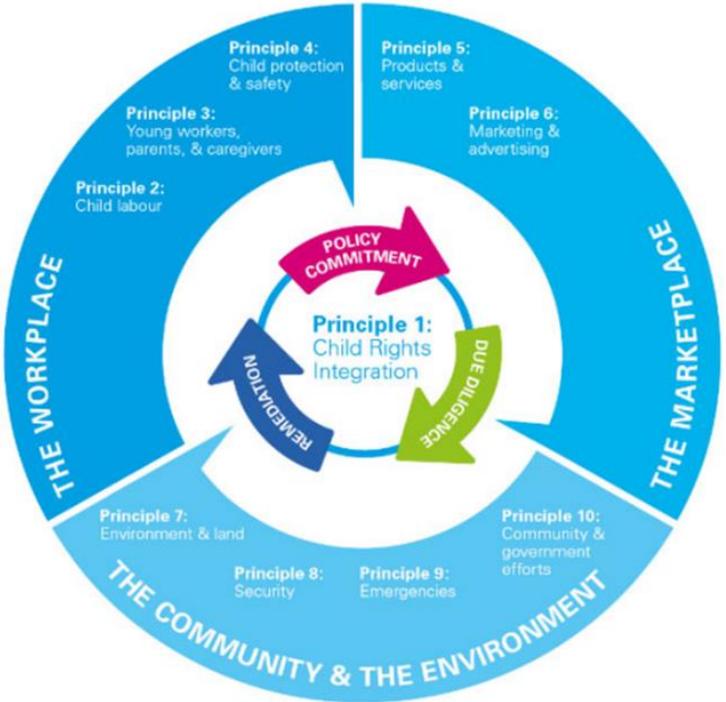
On that respect, raising awareness of the **Children's Rights and Business Principles (CRBP)** in the Bulgarian business sector should be the solution.

Recognising the need for stronger visibility of children's rights, organisations Save the Children, the UN Global Compact and UNICEF joined forces to develop in 2012 the Children's Rights and Business Principles. CRBP call on business to put in place appropriate policies and processes, including a policy commitment and a due diligence process to address potential and actual impacts on children's rights in the workplace, the marketplace, the community and the environment, each of which affects children and their rights differently:

- ▶ **The workplace:** Companies should provide decent work to young workers, parents and caregivers (through respecting the rights of young workers and by ensuring that the workplace is family-friendly) and ensure the protection and safety of children in all business activities and facilities.

- ▶ **The marketplace:** Companies should ensure that their products and services are safe, they should seek to support children's rights through them and use marketing and advertising that respects and supports children's rights.
- ▶ **The community and the environment:** Companies should respect and support children's rights concerning the environment, land acquisition and use, in security arrangements, they should help to protect children affected by emergencies and reinforce local community and government efforts to protect and fulfil children's rights.

Figure 2. The ten Children's Rights and Business Principles (Source: UNICEF, Save the Children and Global Compact, 2012)



## METHODOLOGY

The situation analysis was conducted following the empirical research methodology that included a **desk and qualitative research**. The starting point was the analysis of the Bulgarian business environment through the lens of the political, economic, social, technological and environmental context - **PESTE**. From this analysis emerged the strengths, weaknesses, opportunities and threats (**SWOT**) of the **business environment that impacts children and their rights in Bulgaria**. Subsequently, current **corporate responsibility practices** and the state of play regarding the achievement of **Sustainable Development Goals (SDGs) affecting children** were evaluated by a desk review. It included the analysis conducted by UNICEF Bulgaria, non-governmental organisations (NGOs) and academia to better understand the drivers for corporate responsibility towards children and potential bottlenecks.

The **attitudes of youth towards the business environment** and future perspectives offered by the business sector, corporate responsibility towards children and the COVID-19 emergency situation

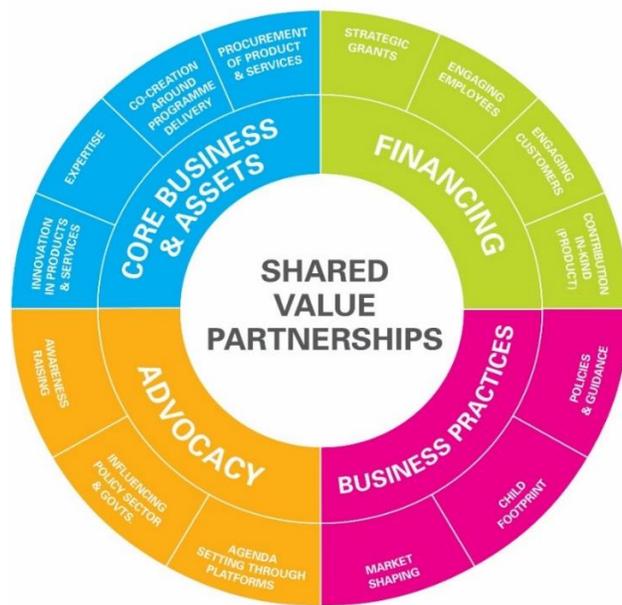
are viewed from the perspective of young people, based on qualitative insights gained from a [focus group](#) organised by UNICEF Bulgaria.

The [Bulgarian business sector](#) was assessed in terms of its overall performance and potential for the economy, direct intersection with children’s rights (impact of business operations, products, services for children) and/or the potential to amplify their reach on children through core assets. Out of that, profiles of seven sectors emerged – (1) ICT, (2) Food and Agriculture, (3) Finance, (4) Tourism, (5) Media, (6) Textile and (7) Extractive industries. The aforementioned business sectors were the subject of additional analysis as a combination of desk review and semi-structured interviews with the General/CSR Managers of some of the leading companies in the sector, to better understand the business policies and strategies that impact children's rights and drive sectoral corporate responsibility activities. UNICEF tools and guidelines were applied to assess at the direct and indirect sectoral impact on children's rights in the areas of workplace, marketplace, community and supply chain and related risks to children and communities across the value chain.

Finally, for the extracted sectors, the opportunities to engage in creating partnerships that create shared values for both children and companies were highlighted. UNICEF defines shared value as partnerships that achieve social impact at scale and deliver strategic economic value for the business, by looking at how private sector’s core business operations, practices, skills and know-how can support children’s’ rights and achieve the SDGs.

[Shared value partnerships](#) (SVPs) between businesses and organisations supporting children’s rights can be found in advocacy initiatives, business practices, core business and assets, and with various models of financing.

**Figure 3:** Where businesses can find shared values with children and their rights (Source: UNICEF, 2019)



## CONCLUSIONS

*'Bulgarian business sector is like a tree with ramifying branches' - Nora, 16*

The business climate is favourable for investments and the [country's economy](#) stable, although energy inefficient and susceptible to external shocks from exporting partner countries. GDP has been on the growing trend in recent years but also dependent on tourism, hence will face challenges of the COVID-19 crisis in the medium term.

Significant regional disparities, income inequalities and negative demographic contribute to poverty and strong migration trends, which have a backward [impact on the labour market](#), where a lack of skilled labour is evident. Despite the global trends of [digitalisation](#), apart from the city of Sofia, the rest of the country is mainly stalling, where moderate digital skills of young people and low use of digital services of both businesses and population are of concern. Although the European Commission emphasises the need for productivity growth, investment in innovation and R&D, little attention is paid to [start-up and youth entrepreneurship](#).

Particularly striking is the [gap between the youth and the business sector](#), backed with outdated educational programs, which is best illustrated by findings from the focus group with young people.

*"Education should be practice-oriented, serving business directly" – Milena, 18*

Regardless, [young people have high expectations of the business sector](#) as they represent family members of employees, future workforce, consumers and members of the local community. The Bulgarian youth has a lot to offer to the business sector - ideas, creativity, a new way of thinking, sustainability. Still, the business sector most open to them through various programs of support and cooperation, either directly or through educational institutions.

*"The opportunities youth gets from companies are still limited; many peers of mine are eager to try, to get an idea of how to continue in their lives, and to see what would interest them, however, only a few businesses in Bulgaria would do it" – Konstantin, 16.*

Bulgaria was one of the first countries in the EU to promote the [national CSR strategy](#). Yet, in the most recent version of the Strategy, although linked to the country's socio-economic goals and related SDGs, it does not mention encouraging child-related corporate responsibility and children's rights in the business sector. This is a matter of concern given the negative demographic trends, poverty rates and skills mismatches among youth. In addition, [the business sector is the key stakeholder for achieving the SDGs](#), as the Agenda 2030 emphasizes that business is a key player in implementing, investing and achieving sustainable development. In this context, the new paradigm of business in the SDG era is shared responsibility - it requires the collective action, responsibility, influence and resources of all major stakeholders - businesses, local community and civil society to find solutions, embedded within the duty and accountability of governments for ensuring effective services and the protection of children's rights.

Given the importance of children for the future and the sustainability of the country, as opposed to mapped corporate responsibility initiatives and bottlenecks, the need to better understand, promote and support the impact of the business sector on children's rights has been identified.

Raising awareness of the [Children's Rights and Business Principles \(CRBP\) in the Bulgarian business sector](#) is the solution, resulting in policy commitments, impact assessment and the integration of children's rights into non-financial or sustainability reports.

The [analysis of the Bulgarian business sector](#) landscape showed that its power and impact is not to ignore - it represents most of the country GDP, jobs, assets and capital. The scale and reach of businesses mean that they have, without any doubt, significant power and influence in the society, which can have a positive or negative impact on the lives of children in Bulgaria. Large businesses can affect children's rights through advocacy, shaping of consumer preferences, their relationship with employees and environmental protection. Small companies, which are the most numerous, play an essential role in local communities and preserving family values. And above all, businesses can positively influence public policies concerning education, health and child protection.

When it comes to analysing the seven strategic business sectors through the prism of their impact on the economy and children's rights, the bottlenecks to the implementation of children's rights in functional, organisational and budgetary terms have been identified.

- ▶ The [functional bottleneck](#) in children's rights in business:
  - low awareness (and therefore interest) of executive management about how business (can) exert a tangible positive and negative impact on children due to the inability to link children's rights with business results.
- ▶ The [organisational bottleneck](#) in children's rights in business:
  - [lack of capacity and know how](#) within the CSR team, which is mostly dealt with by the PR sector, which is why they are mainly in the function of branding and gaining positive publicity.
- ▶ The [budgetary bottleneck](#) in children's rights in business:
  - the business environment, further weakened by the COVID-19 crisis, will become very restrictive for the funding of corporate responsibility projects aimed at children.

Finally, the conducted mapping of the business sectors of strategic importance for the economy splits the profile of the seven sectors into two tiers.

[Figure 4](#). Sectors mapped by relevance to the economy and children's rights in Bulgaria



The **Tier 1** consists of the sectors that need to be directly involved in promoting children’s rights in Bulgaria:

- these sectors do not harm children and their families through the workplace, which indicates sectoral maturity;
- the primary area of influence on children’s rights is from the marketplace, thus having the capacity for change and improvement of products and services, purchasing habits and behaviour,
- demonstrating a high level of strategic and systemic corporate responsibility,
- offering the most significant opportunity for creating shared value between leading sector players and organisations that support children and their rights.

The **Tier 2** sectors, while advanced in particular impact areas, should be selectively engaged in those areas that cause child deprivation or provide opportunities for the promotion of children’s rights, based on the mapped shared-value opportunities.

## RECOMMENDATIONS TO KEY STAKEHOLDERS

Recommendations for the promotion of children’s rights in the Bulgarian business sector are based on the mapping of business sectors of strategic importance to the economy, the current state of corporate responsibility towards children, the SDGs and identified country deprivations from the SWOT.

They are made for each of the core stakeholders that influence children’s rights and have a key interest in the outcome of children’s rights.

## GOVERNMENT AND PRIMARY INDEPENDENT INSTITUTIONS

*‘The laws in this country make it difficult for an entrepreneur to be committed to causes for children. If this changed, ‘businesses would give more opportunities to young people, leading to their inclusion, gaining work experience and career choices’ – Misho, 17*

- ▶ Although the ‘National CSR Strategy’ links to the socio-economic goals of the country and related SDGs, it does not mention the stimulus of corporate responsibility activities aimed at children. Within the Strategy, the impact of the business sector on children’s rights needs to be incorporated and further specified in the 2021 Action Plan, divided into four impact areas – the workplace, marketplace, community and environment.

- ▶ Adoption of the National Action Plan on Business and Human Rights (NAP) to fully implement the UN Guiding Principles on Business and Human Rights, in line with EU practice. Ideally, the NAP should be integrated within the 'National CSR Strategy' or if it is an independent document - linked to it.
- ▶ While certain fiscal stimulus exists (corporate income tax deduction for scholarships, donations to charitable institutions and children's medical treatment; VAT exemption for education, sports and healthcare), additional legislative incentives should be considered for companies investing in systemic corporate responsibility programs towards children. These incentives should be linked to country deprivation areas, e.g. for scholarships (especially STEM and agricultural scholarships), R&D, eco-innovations projects with universities, youth entrepreneurship.
- ▶ Introduce more flexible work models into labour legislation to encourage and incentivise family-friendly workplaces and work-life balance, based from the positive experience gained during COVID-19 outbreak. Examples might include, within the labour law, the models of working from home, flexible working hours, additional incentives for parental leave for fathers, special support of children and family members of employees, and should also include seasonal workers in tourism and agriculture. Employees are spending less time with their families and children, and the change in the legislation would indirectly contribute to the reduction of digital violence, child obesity, early childhood development and healthy family lifestyles.
- ▶ Currently, most types of social infrastructure and services are awarded through public procurement, and PPP projects in healthcare and education have not been implemented yet. To stimulate the projects in these areas, and especially in underdeveloped parts of the country, a detailed impact assessment, regulatory and market analysis of the PPP environment, implementation of necessary amendments to the current legislation, the development of a specialized PPP task force and action plan is needed.
- ▶ Increase the number and territorially expand the vocational schools participating in dual VET and link the current programs much better with labour market needs.
- ▶ The current educational programs, despite conducted governmental efforts, are still lagging in the labour market needs. The Ministry of Education should consider setting up a mixed workgroup of youth advisors, business sector representatives (e.g. from the HR Committees of business associations) and IT companies to get their comments and suggestions for modernizing and improving the education curriculum and applying the digital classroom concept in practice.
- ▶ Implement forward-thinking government policies aimed at supporting young entrepreneurs, allocate funds for youth entrepreneurship in the state budget (e.g. through the Youth Development Fund) to help young people start their own businesses, with special emphasis on rural areas.
- ▶ Develop a national circular economy policy and action plan which would have the potential to integrate the economically inactive population into the labour market and mitigate regional disparities, thereby contributing indirectly to families through poverty reduction.
- ▶ Integrate child rights into public procurement processes.

## BUSINESS SECTOR

*‘Businesses should be linked to universities because you have to strike while iron is hot. When you show employment opportunities, young people will not migrate abroad’ - Nora, 24*

- ▶ The main finding of the focus group with the youth is the significant gap between the business sector and young people in Bulgaria. This gap is consequently reflected in a lack of skilled labour and indirectly contributes to both migration and brain drain. That is why it is the responsibility of every successful company in the country, regardless of the origin of capital, size and ownership, to offer youth edu-programs in the form of scholarships, tuition, mentoring, study visits, work placements, education on soft-skills/up-skilling, and to proactively establish cooperation with schools and faculties through hackathons, competitions, innovation projects and youth entrepreneurship. For the last, support packages that combine training, access to finance and mentoring should be provided.
- ▶ Strengthen the business’ voice in advocating for educational reform and investments (e.g. in educational infrastructure, technologies, platforms, resources, employer-led innovation in the design and delivery of education and training) - including partnering with governments to help ensuring that the design and delivery of education and training keep the pace with changing labour market needs.
- ▶ Conduct business impact assessments on children’s rights in the areas of workplace, marketplace, community and the environment, and integrating children’s rights into corporate policies, codes of conduct and non-financial or sustainability reports.
- ▶ As a result of the experience with COVID-19, develop crisis procedures that protect and respect children and families in the context of emergencies, based on Principle 9 of Children’s Rights and Business Principles.
- ▶ Due to digitalisation needs and trends in the country, versus low digital literacy among children and youth, the need of curbing the digital divide (economic and territorial) and digital violence should be on the corporate responsibility agenda of the companies engaged in digitalisation. Furthermore, the ICT sector is an un-tapped resource able to provide innovative solutions (big data, artificial intelligence, automation, internet of things, virtual reality, block chain, drones, mobile applications) and critical digital infrastructure in the areas of health, education and social protection. The collaboration between UNICEF Bulgaria and the ICT sector can help identify, prototype and scale technologies and innovations for children, and help to identify ethical considerations and safeguards which need to be in place.
- ▶ Business know-how, technologies and access can provide new, innovative entry points to support public communication, community and adolescent engagement, advocacy, behaviour and social norms change work (e.g. addressing stigma and discrimination and promoting inclusion and participation of children with disabilities).

## BUSINESS AND CSR ASSOCIATIONS

*‘A successful businessman is not to be assessed by the size of his company, the number of his employees, or the number of buildings he has constructed or the number of enterprises. He has to be judged by his deeds. It means to ignore the fundamental economic principle, i.e. profit, in the name of moral and social goals’ – Konstantin, 16 and Misho, 17*

- ▶ Raising awareness on children's rights in business
  - Follow-up the BCCI, BIA and BICA project on non-financial reporting with Children's Rights and Business Principles (CRBP), based on UNICEF guidelines for incorporating children's rights into GRI-based reporting.
  - In order to increase the business community's interest in CRBP, it would be beneficial to include it in some of the prominent national business awards linked to corporate responsibility.
- ▶ Foster family-friendly working environment
  - Promote and encourage the best examples of family-friendly workplaces among business associations and award the best and most innovative practices of their members.
  - Conduct in partnership with UNICEF Bulgaria a research on family-friendly practices and policies in the business sector. The findings should be combined with a youth survey on the impact of the workplace on children. Through the research, collect good practices and promote them as inspiration and idea-generation to others, especially SMEs.

## UNICEF BULGARIA

*'Due to the limited opportunities we get from Bulgarian and international businesses, people with disabilities or in a vulnerable situation give 300 times more and they are top-notch in everything they do. I had the experience to be rejected by an employer and then UNICEF helped me. Not everybody is that lucky though' - Milena, 18*

- ▶ Develop a long-term advocacy plan to commit the government to recognize the role and responsibilities of the business sector in investing in children's wellbeing.
- ▶ Businesses are a critical piece of UNICEF programmatic planning and outcomes. The engagements with business from a programmatic perspective includes business as a provider of services for children, as a child rights advocate and as a technical partner in evidence-building. In this regard, it is necessary to use the business voice, influence, reach, expertise and core assets, jointly develop and leverage professional and technological solutions to programmatic challenges, deal with business practices that undermine children's rights and achieve programmatic outcomes by addressing the impact of business on children.
- ▶ Identify the shared value in existing corporate partnerships to enlarge them. This means looking at how private sector counterparts' core business operations, skills, know-how and voice can help deliver on UNICEF Bulgaria commitments to children and achieve the SDGs. For example, how is it possible to innovate core business services or products for the benefit of children, or to leverage corporate knowledge, expertise, and data to improve program design and implementation. From UNICEF's perspective, these partnerships must be driven by maximizing impact for children and from a partners' perspective, the benefits may be in the form of financial returns on investment, improved image and business sustainability.
- ▶ UNICEF Bulgaria should reposition as an integral and relevant part of the business community. It is necessary to actively participate in all relevant business and corporate responsibility events, conferences, round tables. The ultimate aim for UNICEF is to become a decision-maker in the business community on child rights and on corporate responsibility projects aimed at children.
- ▶ Utilize the excellent contacts that UNICEF Bulgaria has with the media for storytelling about children's rights in business, both traditional and social media. Applied formats and topics

should be close to the business agenda - family-friendly workplace policies, protection of children's rights through products and services, gender stereotypes in advertising, digital marketing and children, how to collaborate with children as stakeholders, etc.

- ▶ Conduct research among systemic and responsible companies in Bulgaria on awareness and application of the CRBP in their business practice, policies and procedures. Combine the findings from businesses with a survey on children and their views on the Bulgarian business sector. Together with the research, collect good practice examples from four impact areas and promote them in partnership with the media and through the UNICEF Bulgaria media channels. The research will be a springboard for introducing children's rights into business policies, as it will indicate to businesses that they already have certain initiatives and policies in place and allow them to compare themselves with sectoral peers.
  
- ▶ Impact on changes in business policies and practices through education and professional support for companies introducing CRBP. Emphasis should place on:
  - Sectoral training for the leading companies of the Tier 1 segment, supported by tailor-made workshops, UNICEF global reference and online tools, guidelines and methodologies. UNICEF Bulgaria should be able to assist companies in conducting a business impact assessment on children's rights in the areas of workplace, marketplace, community and the environment, and integrate children's rights into corporate policies, codes of conduct and non-financial or sustainability reports.
  
  - Work with advertisers and publishers to promote responsible content, platforms, and marketing infrastructure that protects children from exploitation and respects their rights.
  
  - SMEs are the most substantial part of the economy but face limited capacity. Consider setting up a mentoring group consisting of members of the CSR associations, corporate responsibility champions from the business sector and UNICEF Bulgaria, which can work in-depth with selected SMEs, directly or through dedicated programs.
  
- ▶ Establish an online platform/database of the good practices of corporate responsibility towards children (in cooperation with some of the leading CSR associations), which would be bi-annually updated. The database would be divided into (a) ten CRBP and/or (b) four impact areas. The best-case and new examples can be promoted through social media channels.

- ▶ Promote and introduce CRBP at the level of top management, so that the management leads by example and shows that children's rights are strategically crucial for the sustainability of the company. By using the company's role as an industry influencer to affect industry-wide change, prominent CEOs/general managers of reputable companies can act as business advocates for children through their personal and company profiles on social media.



*'IMAGINE THAT YOU ARE IN AN ELEVATOR AND THERE YOU MEET A SUCCESSFUL BULGARIAN BUSINESSMEN/WOMEN. WHAT WOULD YOU SAY TO HIM/HER?' - FOCUS GROUP MODERATOR*

*'IT IS QUITE SIMPLE. I WOULD TELL HIM THAT WE ARE THE FUTURE OF BULGARIA' - MILENA, 18*