THE IMPACT OF THE BUSINESS SECTOR ON CHILDREN’S RIGHTS IN CROATIA

KEY FINDINGS AND RECOMMENDATIONS | July 2019
The research on the Impact of the Business Sector on Children’s Rights in Croatia is the first such study in Croatia. Its purpose was to contribute to a better understanding of the extent to which children’s rights are recognized as an important element of corporate social responsibility (CSR) in the business sector in Croatia, to identify the most important motivating factors for the business sector and other stakeholders in encouraging them to engage more with children’s rights, and to determine the areas in which UNICEF Croatia can support businesses in developing good practices.
The research has involved all aspects of the impact of business on children’s rights as highlighted in the Children’s Rights and Business Principles recognized by UNICEF in cooperation with the UN Global Compact and the organization Save the Children.

Structured in 10 areas, the Principles identify a comprehensive range of actions that all businesses should take to prevent and address the risks posed to children’s rights and maximize positive business impacts in the workplace, the marketplace, the community and the environment, each of which affects children and their rights differently:

- **THE WORKPLACE**: companies should contribute to the elimination of child labour (Principle 2), provide decent work for young workers, parents and caregivers (Principle 3), and ensure the protection and safety of children in all business activities and facilities (Principle 4).

- **THE MARKET**: companies should ensure that their products and services are safe, seek to support children’s rights through them (Principle 5), and use marketing and advertising that respect and support children’s rights (Principle 6).

- **THE COMMUNITY AND THE ENVIRONMENT**: companies should respect and support children’s rights in relation to the environment, land acquisition and use (Principle 7), in security arrangements (Principle 8), help to protect children affected by emergencies (Principle 9), and reinforce local community and government efforts to protect and fulfil children’s rights (Principle 10).
RESEARCH METHODOLOGY

The research involved empirical methodology, including quantitative and qualitative methods. The starting point was a preliminary analysis of the state of the Croatian economy and the legislative framework of the Republic of Croatia, the EU and the UN.

This was followed by qualitative research conducted by means of semi-structured interviews and focus groups with representatives of the business and public sector, members of the Advisory Body on Children’s Rights and Corporate Social Responsibility, selected NGOs, UNICEF, and children from the Network of Young Advisors of the Ombudsman for Children, offering detailed insight into the topic. In the second stage, quantitative research was conducted by means of an online survey, providing insights and findings from 141 representatives of the business sector. In the online survey, the highest number of participants were from large companies (37.6%), followed by medium-sized (34.7%) and finally small companies (27.7%), of which more than half are operating in the City of Zagreb (53.2%). The most represented sectors in the survey were the retail sector (15.6%), the manufacturing sector (14.9%) and the ICT sector (13.5%).

In order to look at the impact of the Croatian business sector on children and their rights, the research analysed the application of CSR as a business strategy and then awareness of children’s rights as an area of CSR.

▪ 43% of all surveyed companies have adopted a CSR strategy or are in the process of adopting one. Most of the companies are large (47%) or medium sized (44%).
▪ Only 9% of small businesses have adopted a CSR strategy. Small businesses most often participate in ad hoc CRS activities (38%) driven by external requests to support social initiatives and are often limited by financial and human resources.
▪ In addition to a CSR strategy, of the other CSR-regulated documents whose primary purpose is the regulation of internal relations, the largest number of surveyed companies have adopted an employment statute (80%), a code of conduct for employees (53%), and a code of conduct for supplier and third party relations (29%).

▪ 28% of surveyed companies publish annual CSR reports.
▪ There is an evident lack of top management involvement in CSR, as topics associated with CSR are still not on the agenda of top management but are mainly concentrated in divisions of Communications & PR (34%), CSR and Sustainable Management (17%), Marketing (11%), and Human Resources (9%).
▪ 53% of all surveyed companies have a person responsible for CSR activities (57% large companies and only 3% small companies). Women are mainly responsible for managing and implementing CSR in companies.

RESEARCH FINDINGS

Corporate Social Responsibility (CSR) as a business strategy in companies

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One of the most important research findings is that awareness of the potential influence of the business sector on children’s rights and on the lives of children in general is relatively low:

- Only 6% of respondents believe that the business of the companies they work for has a major impact on children’s rights, 48% think that their business has a certain impact on children’s rights, and almost 41% of respondents consider that their business has no impact on children’s rights in Croatia.

- Of the total number of companies that consider they have a major or certain impact on children’s rights, 40% are large companies and 40% medium-sized companies.

- Of the companies that consider that they have no impact at all on the rights of children in Croatia, 48% are small businesses.

- As many as 87% of the surveyed companies could not indicate examples of CSR best practice in relation to children.

Children’s rights as part of corporate social responsibility

Implementation of the Children’s Rights and Business Principles in Corporate Social Responsibility practices of Croatian companies

1. AREA: WORKPLACE

• Only 20% of surveyed companies mention the workplace as a priority area in their CSR efforts.

The impact of businesses on children’s rights regarding child labour (Principle 2):

• Since child labour is very well legislatively regulated in the Republic of Croatia and no major violations by companies have been reported in the recent past, it can be concluded that the worst forms of child labour are not present in the Republic of Croatia. However, only 28% of surveyed companies seek confirmation from their suppliers (including suppliers from other countries) that they do not use child labour in their manufacturing and business processes.

Respecting children’s rights through the provision of decent work for young workers, parents and caregivers (Principle 3):

• Most of the surveyed companies state that they provide employees who are parents or guardians of children with the flexibility to take sick leave due to a child’s illness (94%), that they enable mothers to return from maternity leave into a safe workplace (93%), and that they provide parental leave for fathers (93%) and days off for fathers for the birth of their child (91%).

• Respondents in the qualitative survey do not consider that maternity and parental leave are intended for both parents and/or caregivers. In all the enterprises surveyed, the number of fathers who exercised this right is limited to just a few cases.

• 71% of surveyed companies do not provide support for breastfeeding mothers in the workplace (breastfeeding facilities, leisure time for breastfeeding, etc.), and 64% of surveyed companies do not have financial support programmes for employees’ children in the event of illness, or benefits for children with developmental disabilities.

• 58% of surveyed companies provide the right to one-off financial benefit for the newborn child of employees.

• 2% of surveyed companies have a kindergarten within the company.

• In the qualitative part of the survey, children from the Network of Young Advisors of the Ombudsperson for Children identified the
relationship between the employer and their parents as the most important influence that businesses can have on children’s rights. More often, they cited examples of negative impact: disrespect for working hours (overtime work) and work during the weekends. In the quantitative part of the survey, 60% of respondents stated that the company they work for does not respect the working hours framework. 62% said that they do not have the opportunity to work from home, and 55% said that the company they work for provides the option of flexible working hours.

- The qualitative research identified that companies with collective agreements and active unions provide a higher level of care for the parental and/or guardian role of their employees (newborn child support, child support, breastfeeding breaks upon return from maternity leave, and children’s gifts for each holiday).

2. AREA: MARKETPLACE

The impact of businesses on children’s rights through the development of safe products and services for children, the use of marketing and advertising that respect and support children’s rights.

- Of the three areas of influence, most companies (38%) cite the market as a priority area of their corporate social responsibility.
- Despite this, most surveyed companies do not monitor the impact of their business on children (77%), and do not evaluate the quality of products or services intended for children (63%) (Principle 5).
- 59% of surveyed companies do not use codes related to child welfare in marketing/advertising (e.g., the Code of Advertising and Marketing Communications of the Croatian Association of Communications Agencies) when creating marketing activities for their own products and services, and only 9% of companies conduct an impact assessment of their marketing strategies on children (Principle 6).

3. AREA: COMMUNITY AND ENVIRONMENT

The impact of businesses on children’s rights in relation to the community and environment

- 32% of surveyed companies cite the community as a priority area of their social responsibility, while the environment is recognized as a priority area of CSR in only 11% of surveyed companies.
- 62% of surveyed companies do not invest in projects and initiatives focused on environmental protection (e.g. clearing of forests, beaches, etc.), but 59% invest in some other aspect of sustainable development, such as the education of children on the topic of sustainability, etc. (Principle 7).
- 80% of the companies that participated in the survey are always or sometimes ready to help children in the event of sudden disasters (Principle 9).
- 47% of businesses participate in supporting local community development programmes (Principle 10). A total of 66% of them participate in providing financial support to the most vulnerable families through philanthropic activities (donations), 55% invest in initiatives for early childhood development, 42% invest in supporting children with disabilities, and 11% implement or support actions aimed at promoting the socialization of Roma children.
OBSTACLES AND MOTIVES FOR STRONGER BUSINESS ENGAGEMENT IN PROMOTING CSR FOCUSED ON CHILDREN

In the opinion of the research participants, the main barriers to the implementation of CSR focused on children and consequently to the CRBP are:

▪ lack of financial and human resources (42%)
▪ lack of relevant experience and skills (14%)
▪ the fact that nobody has approached them with a request to participate in a socially responsible activity (13%)

▪ in the qualitative survey, the respondents pointed out that there is a need to raise awareness, primarily of state institutions and then of the general public, of the importance of children’s rights in business. Most believe that CSR decisions should be made at the highest corporate governance level, and that CSR and education programmes on children’s rights should also include business decision makers to initiate good practice at the strategic level.

▪ in the qualitative survey, companies say that the state administration and mechanisms, as well as the existing legislative framework, are some of the main obstacles for the more active participation in CSR, including CSR focused on children’s rights. Examples include the lack of more flexible legal provisions related to work from home, and insufficiently motivating tax incentives for socially responsible projects and initiatives.

As for motives and encouragement to become more involved in CSR focused on children, the surveyed companies highlight:

▪ tax exemption for companies that donate regularly (76%)
▪ awards and benefits for companies that are CSR champions (65%)
▪ adjustments of the Labour Law to provide greater flexibility in using opportunities to work from home (51%) and the subsidization of volunteering work (49%)

▪ the state could do more to promote children’s rights and draw attention to how they are violated. Apart from this limited company culture, perhaps we can think of ways to contribute at a higher level.

HR manager, medium-sized enterprise
RESEARCH RECOMMENDATIONS

The findings of the Business Sector Impact Survey on the Rights of the Child in the Republic of Croatia are intended for all relevant stakeholders who can influence the development of CSR focused on children in the business sector, including government bodies of the Republic of Croatia, the UNICEF Office for Croatia, the Advisory Body on Children’s Rights and CSR, and the Croatian business sector. Based on the findings of the research, five recommendations on children’s rights in the business sector are given to the main stakeholders:

1. The low level of awareness and knowledge of the impact of business on children’s rights among the Croatian business sector requires that awareness be raised among the key stakeholders through the promotion of the Children’s Rights and Business Principles, the more active promotion of the best practices of CSR for children and awarding companies that excel in good practice.

2. Survey respondents perceive UNICEF as a strong and credible international organization and recognize the importance of UNICEF in CRB advocacy work directed towards decision makers. UNICEF should continue to develop and implement support programmes for the business sector and actively advocate positive practices with the goal of promoting CSR with a focus on children and to systematically introduce Children’s Rights and Business Principles.

3. Key stakeholders in the field of CSR for children should provide support and incentives for businesses to adopt the Children’s Rights and Business Principles. A need was identified to involve companies (especially SMEs) from all over Croatia in CSR activities targeting children through more active cooperation between businesses, local communities and the civil sector in working with children and/or promoting children’s rights.

4. It is recommended that the Republic of Croatia adopt the National Action Plan on Business and Human Rights in order to achieve the full implementation of the UN Guidelines on Business and Human Rights, in accordance with EU practice. More flexible labour legislation would also contribute to a better work-life balance for parents and guardians, and thus have a positive impact on children’s rights.

5. In cooperation with other key stakeholders, the Office of the Ombudsman for Children should be actively involved in promoting the Children’s Rights and Business Principles and in advocating for the better integration of children’s rights in business practices and policies.