

## Exchange of good practices on gender equality

### Women in economic decision making

Norway, 10-11 May 2012

## Comments paper - Croatia

Disclaimer:

The information contained in this publication  
does not necessarily reflect the position or opinion of the European Commission.

# Women in economic decision-making in Croatia

**Đula Borozan**

Josip Juraj Strossmayer University of Osijek

## 1. Introduction

Although the statistics in most countries, and particularly in Croatia, indicate that women make up the majority of the human population, the statistics on how women perform in the labour market generally indicate gender asymmetry. This is especially true when it comes to economic decision-making, in particular at the highest levels of decision-making.

Certainly, women who are either not participating in the labour market at all or who work less than they would do if there was better provision for reconciling the work-life balance represent a huge economic potential. Hence, this issue is not only a question of human rights and democracy, but also a question of economic efficiency. Under-representation of women in economic decision-making is another issue that makes the question of economic efficiency far more alarming. Consequently, gender equality, particularly their representation in all areas of decision-making, has become an important issue not only for policymakers, but also for the corporate world.

In Croatia, despite increasing concerns about gender equality, there is the persistent under-representation of women in key decision-making bodies, from the Parliament to corporate boardrooms. This paper focuses on the key areas of economic decision-making. Its aim is to deepen our understanding of the position of women in economic decision-making in Croatia, to increase the need to do more to achieve gender equality and diversity, and to discuss transferability issues linked to the possibility of implementing a good practice from Norway, Denmark and the United Kingdom.

## 2. Women and men in positions of economic influence

### 2.1. Legal and institutional framework

Gender equality, as the fundamental principle and the highest value of the constitutional order, is enshrined and promoted in the Croatian Constitution and appropriate legislation.

Within the EU accession process, Croatia harmonized its legislation, regulations and standards with the EU. The Croatian Parliament adapted the whole package of acts in relation to the position of women in society. Among them, two acts are especially important for equality in decision-making: the Anti-Discrimination Act (Official Gazette, 85/08) and the Gender Equality Act (Official Gazette, 82/08). The former regulates protection against discrimination and discrimination based on sex, and removes most doubts arising from the mismatch of solutions contained in the previous legislation (Vinković, 2011), whereas the latter establishes the general foundation for the protection and promotion of gender equality. Articles 11 and 12 of this act stress that all

government bodies, legal entities vested with public authority and legal entities whose majority shareholders are the state and units of local and regional self-government are obligated to apply affirmative actions (when representation of gender in political and public life is lower than 40%) and to adopt action plans for the promotion and realization of gender equality. Pursuant to Article 13 of this act, any discrimination in the area of employment and work is forbidden.

Within the framework of politics, the National policy for gender equality 2011–2015 (Official Gazette, 88/2011) is especially important. As written in the Policy (Article 1), it “is the basic strategic document of the Republic of Croatia which it has adopted in order to eliminate discrimination against women and to establish genuine gender equality by the implementation of the policy of equal opportunities“. Among others, it covers the area of creating equal opportunities in the labour market, introduction of gender-sensitive education and upbringing, and the balance of the participation of women and men in decision-making processes. Together with other strategic documents, national plans, programmes and strategies that define goals, ways and measures for improving the policies on gender equality (e.g. the Strategy of female entrepreneurship development in the Republic of Croatia in 2010 – 2012, the National strategy of protection against family violence for the period 2011 – 2016, the National employment action plan for 2011 and 2012), it forms the institutional framework for gender equality in decision-making.

In Croatia, the following bodies are responsible for acting in this area on its institutional level: the Gender Equality Ombudsperson, the Ombudsperson as the national body entitled to protect the rights of citizens that are infringed or threatened by state bodies, the Office for Gender Equality of the Republic of Croatia, the Committee for Gender Equality of the Croatian Parliament, and commissions for gender equality that operate in the units of local and regional self-government.

Several civil associations are also active in connecting business women (e.g. Circle (Krug), Business Women’s Club from Koprivnica, Business Women’s Club – Association Sail from Varaždin, or Association of Business Women BPW). Numerous private initiatives resulting in organisation of seminars, round tables or conferences are also valuable for raising awareness and improving the position of women in economic decision-making.

However, despite all activities and efforts made by responsible official bodies, civil associations or private organisations, discrimination in economic decision-making still remains a genuine challenge in Croatia.

## **2.2. Gender asymmetry in the world of work – selected statistics**

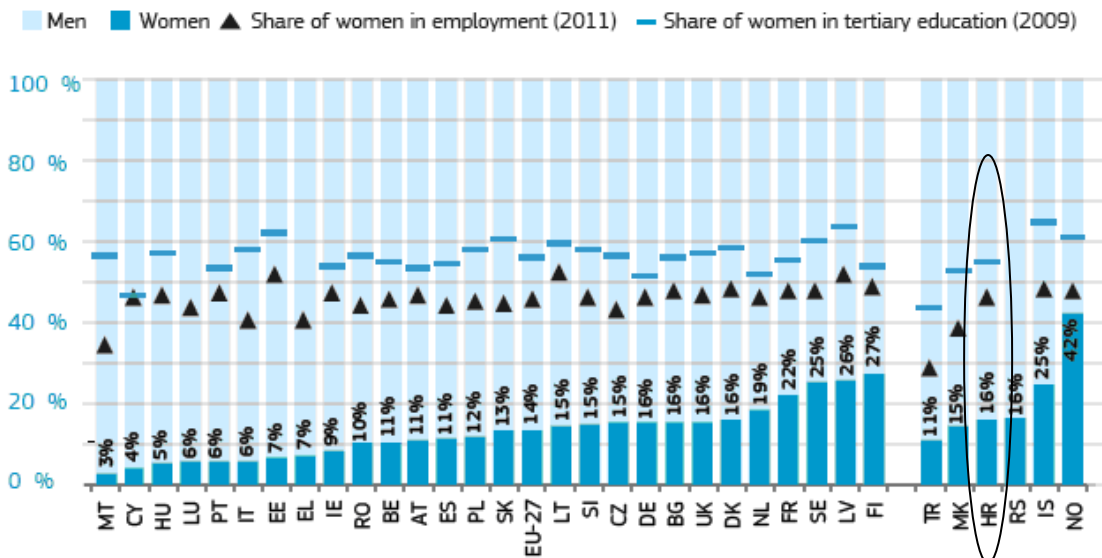
The Croatian Bureau of Statistics (CBS) reports indicate that women in Croatia continue to have lower labour market participation rates, higher unemployment rates and significant pay differences compared to men. In 2010, women in Croatia represented 53.2% of the population aged 15 and over. However, they participated with 45.9% in the labour force; out of that figure, 45.6% were employed and 48.6% unemployed. Female activity rate and employment rate were less than male rates (40.0% vs. 53.5%; 35.2% vs. 47.6%, respectively), whereas the unemployment rate was higher (12.2% vs. 11.0%) (CBS, 2010, p. 34). They are less paid for their job (CBS, 2011, p. 39).

Although women represent 58.5% of university graduates in Croatia (CBS, 2011, p. 29), they are under-represented in top positions of the Croatian largest companies.

### 2.3. Women in leadership positions

It is extremely important to be a board member because a corporate board of directors is a strategic power body that makes crucial decisions. The share of women in the supervisory and management boards of public joint stock companies oscillated during the period 2002-2008 around one tenth (Pejić Bach, 2010). As indicated by the data from Figure 1, the boards are mostly homogenous male bodies. In January 2012, Croatian women accounted for 16%, i.e. two percentage points more than the European average (14%) of board members of companies listed on stock exchanges around Europe (EC, 2012). However, a comparison with Norway, that had 42% women on the boards at the same time, indicates that this issue should be readdressed.

**Figure 1: Women and men on the boards of the largest listed companies, January 2012**



Source: European Commission (EC, 2012, p. 9), according to: Database on women and men in decision-making and Eurostat, Labour Force Survey

Progress in this area is visible when comparing data from January 2012 with the period 2002-2008. Nevertheless, it is extremely slow, despite numerous affirmative activities, studies and good practices around the world pointing to economic benefits of gender parity and diversity at the highest levels of decision-making.

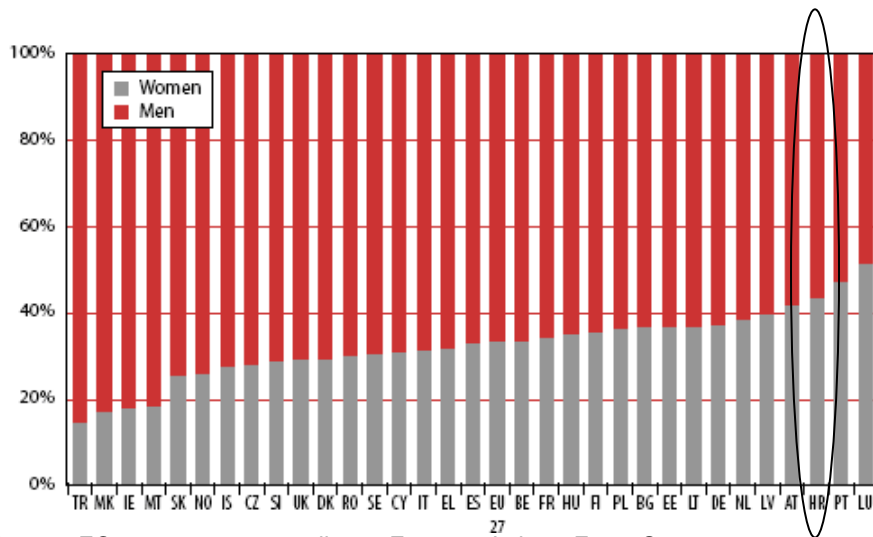
The discrepancy between the high number of female graduates and their under-representation in top-level positions indicates that there is a wealth of an untapped potential of skilled human resources, in particular women. However, to create a complete picture of the progress in this area, it is important to look beyond the large top companies.

## 2.4. Women in entrepreneurship

Bearing in mind the problems faced by women – on the one hand, a difficult economic situation and increasing unemployment, and on the other hand, a desire for self-actualisation that cannot be satisfied in employment status in many cases – more Croatian women are becoming increasingly interested in entrepreneurship.

The number of self-employed persons (EC, 2010) indicates that more than 40% of self-employed persons in Croatia are women (Figure 2). This is more than the EU27 average.

**Figure 2: Self-employed persons by gender in 2008**



Source: EC, 2010, p. 24 according to Eurostat, Labour Force Survey

The studies that analyse the position of Croatian women in entrepreneurship show that those who select entrepreneurship and self-employment as a way of generating income and improving their chances on the labour market face specific gender barriers (Borozan and Barković, 2006; Sulejmanović, 2008). Another issue is that approximately three times more women than men are engaged in entrepreneurial activities because of necessity (CEPOR, 2009).

## 3. Policy debate

Women in Croatia have been discriminated in the world of business in terms of age, wages and career advancement possibilities, and marginalised in terms of participation in economic decision-making. There has been some progress, and in certain aspects Croatian business women are in better position than the EU average. However, progress is more evolutionary than revolutionary.

In Croatia, studies about the position of Croatian women in top management and on boards as well as about career advancement possibilities (irrespective of their role, i.e. whether they are workers, managers/leaders or entrepreneurs) are rare and sporadic. There is still uncertainty and lack of knowledge about these issues. This can be explained in particular by the fact that the official statistical body does not have an obligation to systematically monitor and report gender differences consistent with different working characteristics, particularly with economic decision-making. Certainly,

it provides the basic information in its publication “Women and men”; however, this is not enough. At the same time, a network of different organisations or associations exploring women’s issues in business and society is not strong enough, and there is a lack of coordination among them. Consequently, a unique and comprehensive database, aiming at providing the analytical basis for sophisticated analysis concerning women’s issues, is also missing.

Barriers observed by Croatian top business women, that are drawn from different sources (articles in journals, newspapers, interviews, etc.), can be classified into three groups:

- Socio-cultural attitudes towards women – that put women into the center of the family with all responsibilities in relation to that. The result, the so-called “double burden syndrome”, does not leave women enough time, space and energy for achieving the traditional top management requirements (for example, unlimited availability). This kind of barrier also includes the whole range of outdated and negative ideas about women in working places, such as women are less competent than men, or it is better for a woman not to be a leader in organisations but a supportive follower.
- System-imposed barriers – involve those on the company level (such as unclear and vague career advancement criteria which can lead to biased decisions in the processes of making promotion and judgment of women's career potential, the existence of informal networks that influence appointments on boards and which members are not women, unequal pay, etc.) and on the government level (e.g. lack of access to care services for children or of adequate leave schemes) that make social and business environment not supportive for working women.
- Self-imposed barriers – are related to different psychological obstacles; e.g. women’s difficulties in identifying themselves as successful, the need to achieve and sustain a balance between private and business life, lack of self-confidence and ambition, the perception that in order to succeed women must outperform their male counterparts.

The barriers noticed by Croatian top female managers are not remarkably different from the barriers female managers/leaders faced several years ago (Borozan, 2006). It is obvious that they are multifaceted and mutually intertwined; hence, they can be removed only by simultaneous acting, collaborative actions and employing a system of a multi-stakeholder approach. Many system-imposed barriers can be removed by careful and well thought-out activities in a short period of time. However, removing socio-cultural or psychological barriers is a time-consuming process in which all stakeholders (women, government on all territorial levels, companies, media, etc.) have to fully participate. Business and political elites have a special responsibility for this. They should be the prime mover of positive transformation initiatives.

Due to a lack of coordination, public visibilities and full involvement of all stakeholders, numerous activities previously undertaken by different organisations have not resulted in stronger multiplicative effects. In order to achieve them and synergy in general, a collaborative and multi-stakeholder approach should be strengthened and empowered. It is a key to fasten the process of achieving gender equality in economic decision-making.

The focus of the public and policy authorities has been recently placed on the economic situation. Croatia has been facing severe and deep economic crises. Unemployment and costs of living have risen, new price growth is expected this year

and the standard of living has become increasingly worse. Furthermore, the public deficit and debt continue to increase as well as external indebtedness. Small and medium-sized enterprises have been remarkably burdened by the problem of illiquidity and debt collection. When it comes to near future, the economic outlook does not look optimistic. Consequently, although not acceptable, the issue of gender equality has been marginalised in the public and policy.

However, changes have been taking place in business. For instance, four large and respectable Croatian companies, Atlantic Group, Croatian Telecom, Deloitte Croatia and Oikon, signed the UN Women's Empowerment Principles on 10 March 2011, joining the prestigious companies from around the world in the efforts to empower women in business. Many Croatian companies have incorporated in their codes of business conduct clauses concerning gender equality and prohibition of discrimination of each kind. However, "many executives acknowledge that it is difficult to change corporate cultures to fully integrate gender equality" (Global Compact Network – Croatia, 2011).

## 4. Transferability issues

There is both an economic and business case for gender balance and diversity in company boardrooms and top management in Croatia. Although progress in this area has been made, it is too slow, unconsolidated and without significant synergy. Hence, new actions need to be taken, and therefore it is extremely worth to examine a good practice that could be transferred to Croatia. Certainly, the best results can be achieved when genuine changes are endogenously generated, meaning that the companies themselves create diverse boardrooms and top management teams in terms of gender, age or nationality for example. However, statistical data do not speak in favour of such awareness. So, in order to accelerate changes, they have to be provoked and combined by, for instance, affirmative actions and measures conducted by government, different civil or professional associations, investors, media or competitors.

Certainly, Croatia is very diligent when it comes to legislative changes; though, its biggest challenge is still how to implement different laws in everyday practice. It lacks the infrastructure required for efficient implementation of the legal framework. After numerous changes that took place within the process of harmonising Croatian regulations and standards with the EU over the past years, this challenge is extremely apparent. Additionally, the challenge is enhanced by two facts; first, Croatia did not introduce mandatory quotas either in politics or in state companies, and second, the greatest deal of attention by the public, companies and media is attracted by a severe economic situation. On the other hand, it seems that at least large Croatian companies are aware of a potential economic lost that may arise due to homogeneity of boards or top management teams. Hence, a voluntary regulatory framework adopted by the UK or Denmark rather than a mandatory framework adopted by Norway would be more useful and appropriate.

The Danish Operational Chain Reaction, i.e. a set of recommendations for more women on supervisory boards is a good example of such voluntary good practice. By signing it, a company expresses its commitment to work towards the recruitment of more female managers to its board. It is understandable and it seems relatively easy to implement it in Croatia, too. Four large Croatian companies that signed the UN Women's Empowerment Principles in 2011 have shown that an interest for such voluntary action exists.

The Davis Report recommends that the UK listed companies should aim either for a minimum of female board member representation or set their own, challenging targets by 2015. They should fully disclose the number of women sitting on their boards and working in their organisations as a whole in order to increase the number of women with top jobs in business. The report also invites investors, companies, headhunting firms and the Financial Reporting Council to be part of changes in relation to the position of women on boards. It also gives them recommendations. The Davis Report confirms that a multi-stakeholder approach and the creation of momentum are crucial for increasing the demand for women at the highest level of economic decision-making and expanding the pool of female candidates. Both a multi-stakeholder approach and momentum are extremely important for Croatia. Probably due to the economic situation momentum has not been created in Croatia, but certainly, one should bear in mind that it has a certain tradition of workplace equality. With appropriate media coverage an approach “Think, Act, Report” seems promising.

There are some factors that will constrain voluntary commitment of companies; among them, there is not only the economic crisis in Croatia, but also the structure of economy in which private small and medium-sized companies prevail, a culture that places women in the centre of the family, insufficient media attention and interest, and system-imposed barriers that fail to ensure the balance between family and professional life, as well as a social and business environment not fully supportive of working women.

The majority of Croatian companies are small and medium-sized (about 99%). Most of them operated with losses in 2010 and 2011; they are exhausted by everyday problems, for instance how to collect business debts, how to find new solvent customers, etc. It is hard to believe that they will think of gender equality on a voluntary basis in such a time, especially because in many of them workers' rights are threatened in general (even to be paid for their work). Additionally, the traditional men-oriented business models and outdated culture prevail in many of these companies, in which traditional male and female roles are determined and known in advance. Since a fully supportive social and business environment does not exist, and women are still the centre of the family, a “double burden” is women's reality. Sensationalistic topics, rumors and gossip, scandals and brawls, or black chronicle, are of interest to media in too many cases. It seems that gender inequality is not a sensationalistic topic that will fill e.g. newspaper columns for days.

Thus, individual actions, no matter who conducts them, will stay without desirable synergic and multiplicative effects. The voluntary regulatory framework approach taken by Denmark or the UK has to be integrative and occupy all stakeholders. It also has to be supported by transparent reporting of intentions, actions and achievements.

## 5. Final remarks

Women in Croatia have been discriminated in the world of business in terms of age, wages and career advancement possibilities, and marginalised in terms of participation in economic decision-making. Some progress in equality of opportunities has been noticed as a trend since several years ago, regardless of whether it is measured by the number of women entering the labour market, women's employment choices, salaries, percentage of working women in top executive positions, women's start-ups, and the like. Additionally, in some aspects Croatian business women are in better position than the average women in the EU. However, considering statistical data that indicate a



huge gender disparity, particularly at the highest levels of economic decision-making, nobody can be satisfied.

Gender equality and diversity on boards and in top management positions are a challenge for business and the whole society. Taking into consideration the current economic situation in Croatia, it deserves to be tackled urgently. From the economic point of view, women are one of the most under-utilized resources, and within them, there is a wealth of untapped potential. Considering the fresh perspective, knowledge and ideas they have and share, a new communication and management/leadership style they introduce, some psychological characteristic being innate to them and more suitable for crises, increased women's representation in the highest economic decision-making may be the main driving force of innovation, competitiveness and growth on both macro- and microeconomic level.

The institutional framework has become more supportive in Croatia, but there is much to do in order to create such infrastructure that will enable a balance between private and business life. An appropriate infrastructure is *conditio sine qua non* for achieving gender equality and diversity on boards and in top management/leadership. Taking into consideration previous efforts and activities of officially responsible bodies, companies and civil organisations, it seems that a voluntary regulatory framework approach to boardroom governance and behaviour is a more promising approach. However, concrete actions have to take a multiple-shareholder approach and their progress and results have to be regularly publicly communicated.

## References

Anti-discrimination act (2008), Official Gazette, 85/08.

Borožan, Đ. (2006), Upward mobility criteria from Croatian women's point of view, *Interdisciplinary Management Research*, vol. 2, 462-483.

Borožan, Đ. and I. Barković (2006), Gender differences in perceiving entrepreneurial activities, *Review of Business Research*, vol. VI, no. 1, 72-77.

CBS (Croatian Bureau of Statistics) (2011), *Žene i muškarci u Hrvatskoj (Women and men in Croatia)*, Zagreb.

CEPOR (SMEs and Entrepreneurship Policy Center) (2009), *Strategy of female entrepreneurship development in the Republic of Croatia in 2010 – 2012*, Zagreb.

EC (European Commission) - Directorate-General for Employment, Social Affairs and Equal Opportunities (2010), *More women in senior positions, Key to economic stability and growth*, Unit G1, Luxembourg.

EC (European Commission) - Directorate-General for Justice (2012), *Women in economic decision-making in the EU: Progress report, A Europe 2020 initiative*, Luxembourg.

Gender equality act (2008), Official Gazette, 82/08.

Global Compact Network – Croatia (2011), *With international women's day - higher wages and more managerial positions*, retrieved March 27, 2011 from <http://unglobalcompact.undp.hr/show.jsp?newscontainer=131173&page=110270&singlenewsid=131229>

National employment action plan for 2011 and 2012 (2011), Zagreb.

National policy for gender equality 2011–2015 (2011), Official Gazette, 88/11.

National strategy of *protection* against family violence for the period 2011-2016 (2011), Official Gazette, 020/11.

Pejić Bach, M. (2010), *Actualization of female potentials in entrepreneurship, science and politics*, Croatian Association of Businesswomen – Krug, Zagreb.

Sulejmanović, L. (2008), *Female entrepreneurship in Croatia*, Report sponsored by the World Bank and Harvard Business School.

Vinković, M. (2011), *Spolna segregacija i tržište rada – hrvatski diskurs europskih trendova (Sex segregation and the labour market – Croatian discourse of European trends)*, in: *Ljudska prava žena, Razvoj na međunarodnoj i nacionalnoj razini - 30 godina nakon usvajanja Konvencije UN-a o uklanjanju svih oblika diskriminacije žena*, Radočić, I., Vince Pallua, J. (eds.), Institute of social sciences Ivo Pilar, Zagreb, 201-217.