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IMPLEMENTING CSR: BEST PRACTICES BY SMEs AND BROs



Business Support Programme for Bulgaria, Romania, Croatia and Turkey

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Business Support Programme for Bulgaria, Romania, Croatia and Turkey



**Promotion of Environmental Certifications and Corporate Social Responsibility
towards EU legislation adoption and SMEs competitiveness**

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1. Each author is responsible for the content of his/her own part
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Dissemination of Corporate Social Responsibility in new EU members and in candidate countries

The EU enlargement process is also raising the issue of promoting CSR principles in the new member states and in candidate countries. This is actually the general objective of the European program “Business Support Programme – BSP”, led by Confapi and launched in the kick off conference in Rome on 6th February 2008.

Since 2000 up to now the initiatives for CSR have highly increased: the progress Italy and other EU countries have made in these years are real. This process hasn't been so easy and a long way remains towards the desired results. But, actually, a gap still exists in respect of new members and, even more, of candidate countries. This explains why the transnational priorities in EU policies also include the dissemination of CSR principles in these countries, including the beneficiaries of this project: Bulgaria, Romania, Croatia and Turkey.

It appears really urgent to focus on sustainable and responsible development models in order to transfer and spread their basic principles.

First, the concept of “sustainability of local development”, that means the will to promote a system suitable for responding to the current generations' needs, without any prejudice to future generations' well-being. This principle is completed by the definition of Corporate Social Responsibility referring to the integration, on voluntary basis and beyond binding legal provisions, of social and environmental aspects into business activities and companies' relations with all their counterparts.

Policies for CSR are usually addressed to social, environment and economic issues. These three pillars intertwine and cannot be actually separated. It is really important that CSR policies are defined and implemented basing on a mutual coherence and in compliance with social, environmental and economic objectives in order to guarantee effectiveness and sustainability in the future.

The prominence given to CSR is based on several different reasons and making a synthesis is not so easy. Nevertheless, the origins of such an attention seem to be related to the concept of stakeholder, meaning the persons involved, in different ways, in the company activities (referring to single enterprises and the whole entrepreneurial structure) and in the management of the territory. Therefore, CSR focuses on the individual with an “economic dimension”, being able to influence the performance of a company and the development of economic policies through his/her free will. Stakeholders can influence company and territory's activities, but can also be affected by them and suffer their consequences. This explains why stakeholders' attention has raised in these last decades and the involvement of civil society is becoming more and more active, even through the increase of associations pointing out the demand of a socially responsible behaviour.

BSP Project gave the opportunity to disseminate knowledge and skills from “old Europe” and make SMEs in beneficiary countries compliant with European standards, considering that stakeholders are principally interested in the most concrete aspects of CSR: work, health and safety, environment.

We should be aware that BSP Project is not the arrival, but a starting point towards a common development that could be healthier, fair and more sustainable.

The President of Confapi

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EXECUTIVE SUMMARY

The present Report has been realized in the framework of the European Project “Business Support Programme – Promotion of environmental certifications and Corporate Social Responsibility toward EU legislation adoption and SMEs competitiveness”, co-funded by the European Commission, of which CONFAPI is lead partner and manager.

The issues analyzed in this Report rely upon the essential aspects of the Corporate Social Responsibility, both at global and at European Union level. These ones are examined in the light of the practices implemented by some selected SMEs operating within the Countries involved as co-organizing partners in the Project.

The Project and the present related Report start from the consideration that the enlargement of the European Union put in light the importance of promoting the principles of Corporate Social Responsibility (CSR) in the new Member States and in the candidate Countries. Within this framework, the overall objective of the Project is to support the adoption of the *acquis communautaire* by those States in the field of CSR.

The Project aims also at enhancing the capacity of the beneficiary Business Representative Organisations (BROs) to promote and protect the interests of SMEs in the negotiation with the national decision-making authorities.

The Report is articulated in three parts. The first one consists on a general introduction to the main issues of CSR, carried out with reference to the most relevant international and European acts and documents, providing for the promotion of socially responsible practices.

At the international level, there are some specific acts dealing with CSR items, such as the “ILO Tripartite Declaration on multinational enterprises and the social policy” (first edition: 1997; last review: 2000), the “OECD Guidelines for Multinational Enterprises” (2000) and the “Global Compact” of the United Nations (2000).

The first act, issued by the International Labour Organization, has a universal relevance, because it contains some fundamental principles aiming at providing codes of conduct for the operators in the labour market. It provides also for specific rules related to the freedom of union association, the right to collective bargaining, the abolition of child labour and the elimination of all forms of forced labour and discrimination.

The Guidelines issued by the Organization for the Economic Cooperation and Development aim at encouraging companies to contribute to the economic, social and environmental development in respect of human rights, through forms of cooperation with local communities and training activities for their employees. Company’s activity should be based on transparency criteria with reference either to merely economic aspects, through the dissemination of financial information, or to social and environmental effects.

The last one is, in practice, a code of conduct for big enterprises composed of nine principles on human rights, workers’ rights and environmental law. This initiative represents the framework for the promotion of sustainable development and creates an effective collaboration among enterprises, institutions, workers and citizens based on social responsibility principles.

Within the European Union, the first formal act adopted by the European Commission on the issue of CSR is the “Green Paper on the Corporate Social Responsibilities of the enterprises”, presented in Brussels in July 2001. Through this document, the European Union sets a first major objective to create awareness amongst enterprises and related entities (public bodies, territorial representative bodies, workers, etc.) on the subject of CSR and to initiate a debate on the role that European Union may have in promoting concrete policies in this direction.

The Green Paper defines the CSR as “the voluntary integration of social and ecological concerns of the enterprises in their commercial operations and relations with the interested parties”. The Paper points out that managers of European enterprises are facing the business necessity to surpass the internal dimension by involving external subjects in their own choice of management, activating a network of greater relations with respect to those traditionally taken into account.

With the aim of developing these principles and values, the European Commission adopted two Communications. The first one, dated 2nd July 2002, focuses on knowledge on CSR and facilitates the exchange of experiences and good practices, on the integration of CSR in all EU policies and on the need to enhance CSR among the small and medium-size enterprises.

On 22 March 2006 the European Commission adopted the other Communication on CSR, where it emphasizes the importance to promote European economic competitiveness in the framework of the new partnership for growth and employment, by inviting the European enterprises to demonstrate publicly their commitment in favour of sustainable development and CSR.

The last relevant act of the European Union in this field analyzed in the Report is the Resolution adopted by the European Parliament on 13 March 2007, through which this Institution assumes for the first time a formal and substantial role in the European debate on the importance of the CSR promotion.

The second part of the Report is dedicated to the analysis of the level of awareness and implementation of CSR practices in the European Countries involved with different roles and responsibility in the project: Germany, Slovenia, Italy, Hungary, Bulgaria, Romania, Croatia and Turkey. The Report uses a systematic approach for the collection and the elaboration of the relevant data about the domestic CSR instruments adopted by these Countries. In fact, for each country it analyses the legislative and non-legislative measures and initiatives dealing with some specific issues related to CSR. In particular, the Report, after a focus on the national overview on CSR, considers the legislation on employment and health and safety at work, the measures adopted by BROs and the successful experiences of some selected enterprises for the implementation of CSR.

Obviously, these latter data are very important for evaluating how the enterprises perceive the different aspects of CSR and which is the level of implementation of the socially responsible practices inside their structures.

The third part of the Report deals with the most relevant instruments and tools available for enterprises for the implementation of CSR.

The Report considers that this objective can be achieved by the enterprises if they use some specific tools amongst which the certification of CSR, the social report and responsible behaviour codes, specific strategies of social marketing and the use of social trademarks or labels.

The responsible behaviour code is a document whose contents are shared by the management and workers and describes the various aspects of ethical and responsible choices within the enterprise and between this latter and the personnel. The provisions set up in the code are binding for the parties.

Furthermore, the code clearly explains the guidelines referring to the reciprocal professional correctness between the enterprise and its stakeholders, based upon principles such as trust, honesty, privacy, transparency and anything else is deemed as fundamental for a good management of both internal and external relations of the enterprise.

An important instrument for the certification of CSR practices, widely diffused and recognized at international level, is the SA 8000 standard (Social Accountability) elaborated in 1997 by CEPAA (Council on Economic Priorities Accreditation Agency), now named SAI (Social Accountability International), in order to provide investors and consumers with informative instruments to evaluate corporate social performances.

SA 8000 is a voluntary system of certification of enterprises' activities dealing with the respect of the minimum requisites and directives established by the standard itself. SA 8000 appears to be flexible enough to be applied both in developing and industrialized countries, to different-sized enterprises, as well as to public bodies and the private sector.

The adhesion to this system of certification implies an advantage for the company in terms of high-quality performance. Externally, it can demonstrate its correct behaviour to consumers, investors and institutions. The requirements established and defined by the SA 8000 are based, above all, on the ILO Conventions, the UN Universal Declaration of Human Rights, the Convention for Children's Rights and concern the respect of human and workers' rights, the fight against the exploitation of minors and health and safety at the workplace.

More specifically, SA 8000 states eight requirements on the following issues: child labour, forced labour, health and safety at work, freedom to join associations and right to collective bargaining, discrimination, disciplinary actions, working time and wages.

Another standard of certification of some CSR-related aspects is AA 1000 (AccountAbility 1000), created in order to orientate the strategic management of enterprises and organizations with regards to social and environmental responsibility.

The main purpose of this standard is to increase the quality of accounting, auditing and social reporting processes with the aim of improving the economic, social and environmental company's performances and enhancing sustainable development.

The very peculiarity of such tool is that it can be used both to increase the quality of the existing social responsibility standards and as an autonomous process to manage and communicate the social and ethical

results of the company's activity. AA 1000 is mainly based upon the respect of two fundamental criteria: accountability and inclusion.

Also the environmental certification increased its importance as instrument for the implementation of CSR practices by the enterprises. The main instruments analysed in the present Report are the International Standard ISO 14001 and the European Regulation providing for EMAS.

ISO 14001 is a standard based upon a voluntary choice made by an organisation (private, public, no-profit, etc.) that decides to establish, implement, maintain and improve its own Environment Management System (EMS) by complying with the requirements provided for by the standard itself. ISO 14001 is not a product certification and does not certify a specific environmental performance. Rather it only proves that the certified organisation has an EMS suited to monitor the environmental impacts of its activities and systematically pursues improvement in a coherent, effective and sustainable way.

EMAS is an instrument elaborated by the European Union in order to promote and integrate the economic growth with environmental principles and sustainable development, mainly intended to provide organisations, authorities and citizens with an evaluation and management tool for the environmental impacts of their organizations. EMAS is open to any European organization of public and private sector willing to improve its environmental efficiency.

In the field of health and safety at workplaces, the Report analyzes OHSAS 18001 (Occupation Health and Safety Assessment Series), a system intended to help an organization to manage and control the occupational health and safety risks. It comprises two parts – 18001 and 18002 – and embraces a number of other so-called “publications”. OHSAS is applicable to any organisation willing to set up an OH&S management system to eliminate or minimise risks to which employees and other interested parties may be exposed during their activities.

The Report acknowledges the crucial relevance, for the purpose of the implementation and, above all, the diffusion of the CSR, of some communicational instruments, such as the social report, the social marketing and the social trademarks or labels.

The social report is the main instrument of CSR communication with a double value: it is a periodical self-analysis made by the enterprise on the effective commitment in the social field; it allows a communication to the stakeholders of the “social added value” achieved by the enterprise in its activity.

The social marketing consists of a strategic choice through which the enterprise carries out and publicizes its social commitment, thanks to marketing campaigns on the concrete activities realized by the enterprise itself, such as donations, cause-related marketing, social investments and corporate volunteering.

The last instruments considered by the Report are labels and trademarks, whose main purpose is to communicate through symbols and verbal expressions that goods are produced in conformity with a number of requirements, such as the respect of human rights and labour laws and standards, the protection of health, safety and environment.

PART I

Genesis and development of CSR

It is difficult to find out the precise moment when appears the debate on the relevance of CSR in relation with sustainable development.

In recent history, the first significant step has been the UN Secretary-General's speech, at that time Kofi Annan, at the World Economic Forum in Davos, on 31 January 1999. Kofi Annan explained to the leaders of the major international economic forces the importance of the development of a new culture of corporate social responsibility. Thus, the international "deadlock" on CSR was urged and, in the following few years many important official documents were elaborated.

In 2000 the ILO Tripartite Declaration, issued in 1997 and containing the main principles for multinational enterprises and global social policies, was amended. In 2000, the UN Global Compact was also officially presented, stressing the need to promote sustainable development systems in the interest both of workers and citizens and of firms and national institutions.

Besides, in 2000 the EU launched its guidelines for a social economic development, contained in the Lisbon agreements. In 2001, the European Council in Gothenburg signed an agreement for a strategy on sustainable development in the environment while, in 2002, the Green Paper on CSR from the European Commission promoted new implementation strategies. In particular, the EU focused on a right relation between ethical values and entrepreneurship, as one of the main challenges for the achievement of a responsible economic system and sustainable development.

1.1 General framework on CSR

Nowadays the initiatives in favour of CSR have multiplied, the debate passed the traditional academic and institutional forum, aiming at succeeding in applying theoretical concepts to the effective activities of companies. In all EU countries many organizations develop proposals and analysis on CSR, such as university departments, studies centers, private sector, nonprofit organizations, associations, foundations and banks.

1.1.1 CSR definition, benefits, risks and strategic elements

The CSR has been defined in different ways depending on the competent organization and the point of view adopted in the analysis. The definition given by the European Commission within its Green Paper is currently considered the most authoritative and complete. According to this statement, Corporate Social Responsibility means the integration, on voluntary basis and beyond the legislative obligations, of social and environmental issues in economic activities and in the relations among all involved parties¹.

The European Commission's definition has been completed with further explanations and suggestions related to the meaning of social responsibility: *"To be socially responsible means not only to comply with the legislative obligations, but also to invest more in human capital, environment and relations with the concerned parties. The experience (...) suggests that, by going beyond the legislative obligations, companies could increase their competitiveness. The application of social principles exceeding the legal obligations (...) can have a direct impact on productivity. This opens a way to manage change and to reconcile social development with a greater competitiveness"*. (" Green Paper. To promote a European framework for Corporate Social Responsibility", COM 366/2001).

The concept of "voluntary" represents one of the main elements of CSR, even considering that European Commission was extremely clear on this aspect. The adoption of socially responsible practices enhancing the respect of workers and of the environment and a better dialogue with the social community must begin from an autonomous choice of the entrepreneur or its management, aiming at promoting specific investments for integrating the legally obligations (e.g: respect of the minimum wage stated in the contracts of Category) with practices for improving the relations between the company and its stakeholders (e.g: provide for the nursery in the company).

The concept of "Productivity" is another essential element, as stated by the European Commission. The evaluation of the direct effect that CSR can have on the company's productive capacity can represent an indicator for the potential direct benefit of these practices. Obviously that means the expected benefit

¹ This definition refers to the previous one, contained in the Green Paper of EU, dedicated to CSR, published in 2001 (http://europa.eu.int/eur-lex/it/com/gpr/2001/com2001_0366it01.pdf, pag. 7, par. 2)

implies also a cost, since the choice of adopting CSR principles has a price for the company. It needs in fact to estimate further resources, as money, human resources and energy, for developing such a cultural change. The main "strategic" instruments to implement the CSR, such as social and environmental audit or certification, the social accounts, the code of responsible behaviour and the social marketing strategies, require the involvement of stakeholders and a formal commitment by the company and its management, even with reference to a direct financial investment.

The most common questions about the adoption of the above mentioned instruments regard: (a) the relationship between costs and benefits for a full social responsibility; (b) the creation of further bureaucratic burdens within the administrative system of companies. The analysis for the social accounts, the adoption of a code on responsible behaviour within company, starting the procedure for the SA8000 certification, requires the allocation of time and resources in favour of an intangible asset and the adoption of new bureaucratic practices in the internal system of the enterprise.

Certainly, the CSR has a cost and needs investments in the medium period before producing its positive effects. This is, in fact, a choice for a different use of the economic capital, focusing no longer and not exclusively on "production", but also on "productivity". The results of this kind of strategy regards a different attitude towards workers, for renewing the way of working and producing. The promotion of a direct dialogue with the stakeholders and the employees training will ensure a professional development and an improvement of safety at work, but in the same time produce direct effects on company's competitiveness and efficiency, contributing at reducing turn over and improving quality organization.

This is an effective change of perspective in which the entrepreneur considers both all elements affecting directly the capacity of production and other new components focusing on the improvement of workers' standards of life and, at the same time, formalizes the use of CSR's tools, such as the social accounts, the social audit or certifications, the codes of ethical conduct. The initial cost for the implementation of these instruments are always refunded in the medium term, as it is demonstrated by studies on the performance index of stock exchange. For example, Ethibel analysis, the European Agency for rating that launched Ethibel sustainability index-ESI more than 15 years ago, (a group of index through which the shares of "sustainable companies" are quoted in the world), confirms that socially responsible companies register better economic performances and more stable financial trends.

The common element in all CSR practices is the concept of stakeholder, that is the person directly involved and interested about the life and the production of the company. Therefore, the CSR gives main relevance to the individual as an economically significant actor, able to influence the company performances and the development of economic policies through his own conduct and his free choice. The stakeholders may influence company's activities but can also be affected by them and their results. This explains why the attention of stakeholders to the actions of companies has increased significantly in the last decades and the involvement of civil society is more and more growing, even thanks to the spreading of associations promoting the adoption of socially responsible conducts.

Stakeholders may be inside the company (e.g.: employees, internal consultants, managers, etc.) or external (e.g.: consumers, suppliers, investors, administration, local community, etc.). Companies are obliged to build relationships not only with their shareholders, their internal trade union representatives and their employees, but also with external civil society, including consumer associations, pressure groups for environment protection and also individual consumers.

The choice of adopting CRS strategies entails many advantages but some risks can also occur both inside and outside the company.

The main internal advantages are: the strengthening of interpersonal relationships and a greater capacity of dialogue with stakeholders; a better sharing of the company's objectives for a correct organization of the activities; the enhancement of the internal transparency; the prevention of any deviations which may occur in companies and which are often linked to a fraud by the internal staff; the promotion of innovative solutions about methods of working. For example, the way of acquiring information to draft the social accounts is a valid instrument to know the effective internal needs of the company.

The main external benefits are: an improvement of the communication of the results achieved by the company in the social and economic field; the development of a process for monitoring and codifying the dialogue with the external stakeholders; a clearer understanding of duties assigned outside the organization, monitoring the consistency with the corporate values; the creation of forum fro discussion aiming at exchanging ideas and views with the stakeholders; the legitimacy of the social role of the company in order to credit its activities. In this context, for example, the social accounting can facilitate a trust relationship with the stakeholders.

Each action has both advantages and risks. As regards to the adoption of CSR practices and instruments, critical aspects are mainly related to the company's default in respect of its assumed obligations or its public declarations. The voluntary nature of CSR practices, the lack of a common methodology for some of them, the free choice to charge an internal collaborator for dealing with these practices and the lack of a verification from specific competent bodies (except the ethical certifications such as the SA 8000) imply different criticalities that may reduce the transparency of the practices and create a negative dynamic within the company and, more generally, with reference to human relations.

For example, in the drafting of the Social Balance or in a social marketing campaign, the company will highlight the positive elements, rather than any lacks. These choices mean a lack of transparency and show a purpose not properly coherent with social responsibility's principles. The risk is an abuse in communicating the company's capacity to implement CSR, which could expose it to negative campaigns or real boycotts by customs associations.

A more complex critical element regards the choice of the marketing and advertising strategy adopted by the company in order to communicate outside the social and economic effects of its action. The criticality resides in the "peculiarity" of the issues (e.g. the disabled, rare diseases, etc.); therefore it is important that the object of the campaign succeeds in striking the sensitivity of the public with the aim of not generating opposite reactions to the expected ones. Because of these factors, there is a to ridicule the message or initiative of the company and also to generate antipathy and distrust among the stakeholders.

In conclusion, it is important to remind the centrality of the "person" in the meaning of stakeholder, because it represents the core element to understand and interpret all the different features of the CSR practices.

1.1.2 The CSR topics in the globalised economy

Among the numerous elements stating the relevance of corporate social responsibility, four of them seem to be particularly significant for the analysis².

Firstly, the growing interdependence of globalised markets and the increase of the activities that companies develop abroad require a more responsible strategy for both environmental issues and respect of fundamental human rights, above all in developing countries. In the current situation where the work and industrial relations are based upon a strategy of consultation among the involved parties rather than upon a hostile dialectic and associations representing collective interests are significantly increasing, a responsible conduct of company through the promotion of social dialogue may contribute to deal with work related issues in a way that allows to reconcile workers' rights and demands and employers' interests. This approach, nowadays worldwide recognized, has a further confirmation in the increase of the requests from industrialized countries' companies to their foreign suppliers for adopting ethical certifications (for example, the SA8000), in addition to the quality ones. Current experiences lead up to believe that social responsibility will become more and more relevant in economic and commercial strategy of global enterprises, also considering the opportunity of combining ethics and competitiveness for the achievement of "sustainable development", as was declared at the European Council in Gothenburg - in June 2001³ - where the economic growth in line with development, social cohesion and protection of the environment has been promoted.

Secondly, the deep changes in the field of work are also relevant. The diffusion of new models of contracts are producing two different effects: on one hand, it enhances the so-called employment flexibility and favours the increasing of workers' professional skills and qualification; on the other hand it contributes to the increasing of the employment uncertainty, not always in line with CSR practices. This raises a central problem: workers do not have to suffer profit-related choices, but they have the right to a professional and quite stable career, allowing them to develop their skills and capabilities within the company and so ensuring steady levels of productivity. At this scope, specific strategies are adopted by the company for the lifelong learning of employees, in order to ensure their professional growth with direct effects on competitiveness and efficiency, on the workers turn over and on the organizational quality.

A third element for considering social responsibility as a current issue is related to the pressing need of companies to become more competitive on markets. Production systems have undergone substantial changes thanks to the introduction of new technologies: therefore, on one hand productive capacities improved and on the other hand organizational diversification and new forms for the involvement of

² Pier Paolo Baretta, "L'eticità del mercato e le due sfide", in *Impresa e Stato*, Milan Chamber of commerce's revue, n. 58/2002 in <http://impresa-stato.mi.camcom.it>

³ <http://ue.eu.int/Newsroom/LoadDoc.asp?BID=76&DID=66794&LANG=1>

workers have been necessary in faster times. A greater involvement of workers in the production process to improve quality and productivity can be evaluated within the global competitive capacity of the company, to be completed through CSR practices related to human resources. One can note an increasing of the awareness on these following needs: the building of a social capital, the setting of specific rules, the creation of relations and procedures giving value to the interdependencies among the involved⁴ parties, and representing a high value component for the entrepreneur who can benefit from the creation of positive relations and of a feeling of identification among its employees. A responsible company could more easily achieve this objective.

In post-modern societies, where primary needs are certainly satisfied, the level of the quality of life has become so important as to influence the choice of the job, consumptions, the place where living, the search for socialization, the level of social cohesion: in short, all elements of the daily life of workers whose actions can affect market trends and consequently strategic choices of companies.

A company wishing to achieve its profitability and competitiveness goals should not only pursue economic objectives, as maximizing revenues and reducing costs, but it should also plan and implement practices for the increase of its "social capacity", in relation with security and professional growth of its employees, the protection of internal and external environment, the creation of a healthy relation with the local community. Company's activity must therefore be analyzed and evaluated in the light of all its relations with all parties involved in the production process (employees, consumers, suppliers, shareholders and the local community). This activity must be envisaged in accordance with the "triple approach"⁵ outlined in the UE Green Paper, allowing to assessing the company according to its in economic, environmental and social results.

These three areas are strictly interrelated. For example, a production system promoting a socially responsible employment and causing, at the same time, water resources pollution cannot be considered as a responsible and sustainable system. It is important to achieve an effective synergy among all social responsibility policies by implementing them also in compliance with the objectives of social, environmental and economic integration in respect of future generations, ensuring a long term sustainability.

Finally, a special attention must be paid to all actors playing an active role in defining strategies for the development of the territory.

The reference is to the concept of "good governance" of local authorities and public administration, since their task is not only to regulate but also to orientate civil society and to enhance sustainable development⁶. A direct relationship exists between the management of the territory and a socially and environmentally responsible enterprise' activity, imagining the sustainable development of a territory as a table supported by social, environmental, economic and good governance active policies.

1.2 Main points of reference in the international panorama

In the purpose of a greater awareness of the economic world towards environmental and social issues related to the company's activities, some international legislative references exist, such as the ILO Tripartite Declaration on multinational enterprises and the social policy (1997 – 2000), the "Guidelines of OECD for Multinational Enterprises" (2000), the initiatives promoted by the United Nations, such as the "Global Compact" (2000), a code of conduct for big enterprises composed of nine principles on human rights, workers' rights and environmental law.

1.2.1 The United Nation Global Compact

Officially presented at ONU Headquarter in July 2000, the Global Compact has a great international relief because it represents the framework for the promotion of sustainable development systems, creating an effective collaboration among enterprises, institutions, workers and citizens based on social responsibility principles.

4 Cfr. Zamagni (1999)

5 http://www.europa.eu.int/eur-lex/it/com/cnc/2002/com2002_0347it01.pdf

6 "L'intervento pubblico per la promozione della responsabilità sociale di impresa", Parmigiani, Viviani, Zarri, Maggioli ed. (2007).

It is very important the invitation, contained on it, to the major international economic forces to implement the nine universal principles referring to human rights, working conditions and environmental protection both in company's decisions and in the framework of public policies.

It is not an instrument to regulate certain business sectors; in fact, the implementation of the principles is voluntary. The principle of "voluntary" is essential for the accession to the Global Compact, describing the instruments to promote a sustainable growth and recognizing the importance for multinationals companies and SMEs of developing a "civic feeling".

In Italy, the initiative was presented in July 2002 on behalf of the United Nations and other representative organisations, including Confapi, joined.

With specific regard to the content of Global Compact, companies are invited to respect the basic rights in the working place, by ensuring adequate health and security conditions and freedom of association. Besides, companies must ensure the protection and respect of the Community in which they operate, without damaging the daily activities of its members.

As regards enterprises with international vocation, they are due to respect the fundamental rules on human rights and on the prohibition of the use of force and must commit not to support governments who violate these provisions, by evaluating all risks related to their activities in the countries where they operate.

As regards to the protection of workers, the companies are required to ensure the freedom of association and to support forms of collective bargaining, by contributing to develop a dialogue that answers to the effective demands of workers, with a benefit also in terms of profitability and reputation.

In the matter of environmental protection, the Global Compact introduces the concept of environmental responsibility, focused on a preventive approach that evaluates the impact that the entrepreneurial activity has on the territory, by adopting policies of eco-compatible production, promoting technologies for a rational use of resources and for controlling pollution levels. These strategies must be implemented in transparency so that company's management systems can become public, creating a trust relation with the single local communities.

Joining the Global Compact, through the sharing and the dissemination of experiences and information, the companies confirm their direct commitment in the creation of a large cooperation network, including the social dimension in their strategy of governance. In practical terms, the participation of enterprises is formalized through a declaration of intents.

1.2.2 The International Labor Organization declaration

The International Labour Organisation (ILO), specialized agency of the United Nations, aims at creating a dialogue among governments, workers organisations and big companies, in order to orientate their action to an active contribution to the economic development and the social progress, opposing to those attitudes that do not comply with the universal rights of workers.

The changes of the economic system deriving from the increasing globalization had significant effects on the organisation of work, requiring greater market's flexibility and competitiveness. In this new context, the ILO, considering the different social instances, increased its efforts for the development of forms of labour legislation, collective bargaining and other forms of cooperation, promoting justice and social responsibility.

The increasing role played by multinational companies in the international economy raised the need to elaborate instruments for regulating their action and, after years of negotiations with governments, workers and companies, in 1997 ILO issued the Tripartite Declaration of Principles on multinational enterprises and social policy⁷, then amended in 2000. This document has a universal relevance, because it contains some fundamental principles aiming at providing the codes of conduct for operators in the labour market. In June 1998, the International Labour Conference, through the Declaration on Principles and Rights at Work⁸, found out, among all international rules, those relating to the freedom of union association and the right to collective bargaining, effective abolition of child labour, the elimination of all forms of forced labour and discrimination in employment.

Being multinational enterprises its direct beneficiaries, the declaration addresses all public, private or joint-owned companies managing production and distribution of goods and services outside the country where their main office is located. The progress that they realized in the management of such an international economic activity could even produce an "over-concentration" of economic power and conflict with

⁷ <http://www.ilo.org/public/italian/region/eurpro/rome/standards/mne/index.htm#dichiarazione>

⁸ <http://www.ilo.org/public/italian/region/eurpro/rome/standards/dirfond.htm>

national policies' objectives. Therefore, the declaration encourages enterprises to carefully consider the general political purposes established by the countries where they operate, by developing their activity in cooperation with national governments and all involved parties.

In order to ensure the respect of the Tripartite Declaration by the whole international community, a specific body was set up, the Multinational Companies Department, which supports ILO in the implementation of the principles of the Tripartite Declaration, by realizing activities, promoting surveys and drafting publications.

1.2.3 The OECD principles

The OECD⁹ (Organisation for Economic Cooperation and Development) associates 30 countries all over the world – including Italy – and has relations with more than 70 countries. The main objectives of its action are the development of economy and employment, the democratisation for rising the quality of life, the achievement of financial stability and the development of world trade in compliance with international commitments and the principle of equality of all States.

Since few decades, the OECD countries are strongly increasing their economic production, improving their standard of living, working conditions, education and social welfare. At the same time, the awareness raised that a merely economic growth must not be the only objective of economic operators, but a greater attention is required for the ways of achieving it, with particular reference to environmental and social issues. Economic actors should also deal with the possible inequalities, forms of exclusion and poverty that could result from a not responsible development.

The OECD focused on these issues, with the final draft of the Guidelines for Multinational Enterprises¹⁰. Adopted in June 2000, they contain voluntary principles and rules, aiming at promoting and enhancing the social attitude of enterprises.

In the international economic system multinational enterprises play a central role and their activities have certainly produced effective benefits both in the origin and hosting countries, thanks to the export of advanced technologies and the contribution for the efficient use of capital and human and natural resources.

The Guidelines, aiming at defining rules for a responsible conduct, are part of the international juridical framework, with other documents such as the ILO Declaration, the Principles and Fundamental Rights at work, the Rio Declaration on Environment and Development¹¹, Agenda 21¹² and the Copenhagen Declaration on Social Development.¹³

The general principles of OECD Guidelines aim at encouraging companies to contribute to the economic, social and environmental development in respect of human rights, through forms of cooperation with local communities and training activities for their employees. Company's activity should be based on transparency criteria with reference to merely economic aspects, through the dissemination of financial information, and to social and environmental effects.

As regards to the labour laws, companies should comply with the fundamental principles, such as freedom of association, abolition of forced and child labour, prohibition of discriminatory practices, promotion of representation and collective bargaining, and with the standards for health and safety in the workplace.

Concerning environment, the guidelines reflect the principles contained in the Agenda 21 and in the Rio Declaration on Environment and Development. As Agenda 21 states, the main cause of the continuous deterioration of the environment is represented by the unsustainable systems of production and consumption, especially in industrialized nations.

In particular, within a strategy of sustainable development, companies should adopt a management system focused on the possible effects on the environment and aimed at steadily improving its performances also through the establishment of effective mechanisms for inspection and prevention.

Enterprises are also required to effectively contribute to the fight against corruption, ensuring transparency in their initiatives, promoting towards their stakeholders ethical policies and establishing forms of inspections. Unfair practices such as corruption and extortion frustrate the socially responsible conducts and the citizens and businesses' efforts for improving the economic social and environmental welfare of the whole community.

9 <http://www.oecd.org>

10 <http://www.rappocse.org/lineeguida.htm>

11 <http://www.un.org/documents/ga/conf151/aconf15126-1annex1.htm>

12 It is an important action plan stating the political commitment for the action of States on Environment, resulting in a programme for sustainable development. <http://www.un.org/esa/sustdev/agenda21.htm>

13 http://www.cepadu.unipd.it/temi/02_conferenze/copenaghen5/pdf/social_summit_1995.pdf

OECD¹⁴ wishes that the enterprises adopt codes of conduct with the dual purpose of protecting consumers' interests and promoting the economic development, by implementing practices for increasing consumers' trust in market, such as a better information on goods with particular reference to their composition, way of use and disposal.

For the correct functioning of national and international markets, the OECD intends to persuade enterprises that they can carry out a competitive activity even without adopting anti-competitive practices such as the imposition of fixed prices, the establishment of restrictions or limits to the production and the signature of collusive arrangements, through a stronger cooperation with the different authorities competent for competition monitoring the proper performance of markets with the aim of preventing abuses due to positions of economic dominance.

As regards to the taxation, the Guidelines enhance cooperation between enterprises and national authorities in the countries where they operate, providing them with all the necessary information for the definition of applicable taxes and paying the due amounts in compliance with current provisions.

1.3 European Union's most important initiatives

The International documents regarding CSR described in the previous paragraphs and deeply debated for two decades have been welcomed by the European Union. Thanks to the interest and trust shown towards these models of CSR, important documents and guidelines were launched by the European Commission and more recently by the European Parliament. Presently, it is possible to identify different trends of thought and a vast court of academics and scholars as well as company experts and operators, specialised on the issues regarding CSR. This new class of intellectuals is influencing the strategic choices of the entrepreneurs in favour of a concrete sustainable development of the territories.

Such a deep, complex and obvious debate is provoking historic changes in the way of doing individual business and entire entrepreneurial systems. The passage from theory to practice was made possible thanks to the goodwill of the individual entrepreneurs who in CSR have identified the most convincing solutions to improve their way of doing business.

1.3.1 The Green Paper on CSR

The first formal act of the European Commission on the issue of CSR is the Green Paper on the Corporate Social Responsibilities of the enterprises, presented to the Commission in Brussels in July 2001. Through this document, the European Union sets a first major objective to create awareness amongst the enterprises and related systems (public bodies, territorial representative bodies, workers, etc.) on the subject of CSR and to initiate a debate on the role that the European Union may have in promoting concrete policies in this direction.

By starting with the definition of social responsibility as "voluntary integration of social and ecological concerns of the enterprises in their commercial operations and relations with the interested parties¹⁵", the Paper points out that the managers of the European enterprises are faced with the businesslike necessity to surpass the internal dimension involving external subjects in their own choice of management, activating a network of greater relations with respect to those traditionally taken into account by the enterprises.

Amongst the many messages contained in the Green Paper, it is possible to make a first distinction between those directed to the internal organisation of the enterprise and those directed to external relations.

With regards to the internal ambit of the enterprises, the promotion of socially responsible behaviour towards the dependents of the enterprises seems to be a priority. The invitation to observe a more careful management of human resources is through investments in formation, measures that favour employment and social integration, the elimination of discriminatory practices and the improvement of health and safety levels at the place of work. Moreover, in front of a possible need to effect reorganization, the enterprises are urged to take into consideration the interest of the workers and other parties involved through efficient forms of consultation.

¹⁴The OECD Committee on policies for consumer realized an important study summarizing different codes of conduct adopted by enterprises within the international chamber of commerce, the UN guidelines for the protection of consumers and the OECD guidelines for the protection of consumers in electronic commerce.

¹⁵ http://europa.eu.int/eur-lex/it/com/gpr/2001/com2001_0366it01.pdf, pag. 7, par. 2

The Green Paper highlights the importance to pay special attention to all the external stakeholders such as commercial partners, public administration, citizens, non-governmental organizations and others. Furthermore, prominence is given to the role of the consumers, as active protagonists always attentive in selecting the products offered by socially correct enterprises.

The sound message which the Commission entrusts to the Green Paper on CSR advises against the enterprises whose actions are merely an image. This particularly concerns those enterprises with visibility and diffusion on the territories. While still on the subject of relations regarding outside the enterprises, the Green Paper gives considerable importance to the respect of ecological balance, through a more rational exploitation of the natural resources and a better control of the polluting emissions. By adopting stricter standards possibly encouraged by certification, it is possible to limit the damage to the environment and draw out advantages in terms of competitiveness and profitability.

Other advantages deriving from a good social responsible management are highlighted in the document issued by European Commission. Regarding the relations with one's own commercial partners, opting for a selection of suppliers in accordance with the logic of the social responsibility can be beneficial in increasing the quality of the products received, a reduction in costs and complexity of its own operations, a less tiring dialogue between the operators and more reliability in the production cycles. The invitation included in the Green Paper to pay more attention to the social behaviour of all the suppliers involved in their line, given that, in any case, they are subjects directly linked to the enterprise and therefore, a probable behavior not in conformity with social responsibility can be a setback – for example in terms of image – on the main enterprise.

Further advantages can be obtained by creating and maintaining trust with its clients, fulfilling their requirements and expectations regarding the level of quality and reliability of the goods and services offered. An idea that has been pointed out to the Commission regards the application of an “equal concept for all” of the products and services offered, which must be made available for a greater number of persons, by starting with the handicapped. The last suggestion characterizes one of the elements that must always be taken into consideration by a socially responsible enterprise.

Amongst the new expectations assuming growing importance for the consumers, sensitive to the socially responsible production systems, there is the presence of social and ecological labels for consumer goods and services.

In answer to such a request, self-declaring trademarks have been diffused, certifying the respect and safeguarding the main concerns for the consumers like, for example, the low environmental impact of the product or the abstention from thorough inspection. As noted in the Green Paper, these social and ecological labels often do not guarantee the necessary transparency and verifiability of the facts reported that, to render them more credible, would necessitate a periodic inspection of the work places carried out in accordance with the agreed standards. For example, an ecological label “Ecolabel”¹⁶ already exists in Europe, which certifies the environmental performance of the different enterprises that are cited in a special list, periodically updated, indicating the products which have received the Ecolabel award.

Another delicate aspect of the social corporate responsibility dealt with in the Green Paper, is the respect of human rights and involves mainly the multi-national companies, given that the global dimension of their activity leads them to operate in countries where these rights are not always defended. There are two aspects: the first refers to the defence of the company's own dependents which must be accomplished by adopting and applying codes of conduct that guarantee the respect of international laws on labour; the second is more vast and includes also the evaluation of the risks deriving from the impact of its own activity in the host countries, as well as actually controlling the observance of the fundamental human rights.

It is noted in the Green Paper that besides a formal adhesion, an appropriate formation of the managers can represent an important step towards a social responsible management. This consideration derives from the fact that the integration of the social and environmental dimensions go beyond the traditional model of governance, requiring specific qualifications of the internal personnel to correspond to these new exigencies.

1.3.2 The European Commission Communications

The diffusion of the Green Paper in all the Member States of the European Union was also aimed at an international debate on the proposals and main themes contained in the document. A promoter was chosen in every Nation (for example in Italy *Unioncamere* was commissioned) and all interested subjects

¹⁶ <http://europa.eu.int/comm/environment/ecolabel/>

were invited to express their own opinion on the Paper and on the role that they can play to achieve a social responsible strategy.

From the responses received, some points of contact emerged amongst which the general recognition of the bond existing between CSR and sustainable development; the need, on the part of the enterprises, to take into consideration “a triple approach” of their own activities and of a continuous confrontation with other actors involved; the importance of a global dimension of CSR that crosses the European frontiers; the corporate social responsibility as a complement to the legislative management and social dialogue with the scope of integrating it and not substituting it.

The synthesis of such confrontation is at the basis of a Communication dated 2nd July 2002 on the issues of CSR, whose main points are:

- to improve knowledge on CSR and facilitate the exchange of experiences and good practices;
- to increase the credibility of the tools and the practices of CSR favouring external evaluation and analysis of the standards of performance by the enterprises with regards to the commitment in the social and environmental sphere;
- to create at a communitarian level a multi-lateral forum on CSR to facilitate meeting and support the transparency of the tools;
- to integrate CSR in all EU policies;
- to promote the development of competences to manage CSR at European level;
- to encourage CSR among the small and medium-size enterprises.

The document issued by the Commission states that the first step to improve knowledge on social responsibility and render it more practical is an in-depth examination and diffusion of information that highlight the positive effects in terms of competitiveness and sustainable development. The exchange of good practices and experiences represents an useful instrument of knowledge in particular when such sharing takes place among enterprises belonging to the same sector.

On the 22 March 2006 the European Commission published another important Communication on the issue of CSR (COM 136), addressed to the European Parliament, the Council, the Economic and Social Welfare Council, entitled: “*Partnership for Growth and Employment: make Europe an excellent pole on the issue of Corporate Social Responsibility*”¹⁷. Subsequently to this Communication, the European Parliament adopted a Resolution on the issue of CSR which will be dealt with later on.

When referring to the Lisbon strategy revised in March 2005, the Commission emphasized the importance to promote European economic competitiveness in the framework of the new partnership for growth and employment, inviting the European enterprises to demonstrate publicly their commitment in favour of sustainable development and CSR. In connection with such a request, the Commission expresses its maximum visibility on policies regarding CSR also to guarantee recognition of the efforts already accomplished by the European enterprises in this field.

With the scope of encouraging the European entrepreneurs to further commit themselves to the course of maturity of the dictate of CSR, the Commission proposes in this document, an alliance open to the enterprises of all sizes, but mainly SMEs. It does not refer to a legal tool, but to a policy process aimed at promoting the idea of CSR in the enterprises, who are invited to express their support freely. The alliance must create new partnerships and new prospects for the interested parties who have to exploit adequately the new opportunities offered by the alliance.

More actions to undertake and promote the adoption of CSR practices are contained in the communications:

- Create awareness and exchange of the best procedures.
- Support a multi-lateral initiative organized by the Commission.
- Co-operation among the member States also thanks to the different tools available.
- Consumer information and transparency to encourage the “good” products and “good” enterprises through selective criticism.
- Interdisciplinary research on CSR.
- Education in schools of business management, in universities and other colleges in order that CSR becomes part of the cultural background of future managers.
- Promoting CSR among SMEs as an improvement factor, to fully exploit the possibility of contribution to growth, employment and sustainable development in Europe.

The Commission undertakes to look after the international aspect of CSR at world level through the support of tripartite principles of ILO concerning the multi-national enterprises and social policies, the

17 cfr: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2006:0136:FIN:IT:PDF>

direction of OECD for the multi-national and the world pact regarding the enterprises (UN Global Compact), together with other instruments and initiatives.

In the Communication 136/2006, the Commission commits itself to carry out a leading role in promoting strict environment laws and sustainable development, encouraging the inclusion of regulations to support the agreed instruments on CSR at international level.

On the 13 March 2007, the European Parliament approved the resolution P6_TA 0062 proposed by the Commission for Employment and Social Affairs on corporate social responsibility, assuming a formal role on the International debate dedicated to CSR. The Resolution, composed of 69 articles is preceded by a vast introduction in which the main international agreements published over the last decades were pointed out thus leading to a debate on social responsibility.

The articles making up the resolution deal with CSR from different points of view. Subsequently, the attention is drawn to other articles regarding the present subject which seem to be particularly interesting.

Article 1 is dedicated to express conviction within the European Parliament, according to which, the implementation of CSR practices in the social, economic and environment ambit generate new potential.

This model must become a strategic and crucial element for the sustained development in Europe, besides maintaining the logic of freedom of choice as a pathway that goes beyond the legal prescription (article 4).

In article 6 the issue on the accountability of the voluntary initiatives of CSR is dealt with and it has been pointed that there is a demand to monitor and check the enterprises by independent bodies. Such concept is further examined in article 7, where is emphasized importance to give adequate attention to the “processes” as well as the “results” of the practices of corporate social responsibility. This commitment must also be extended to sub-contractors outside the European Union (article 23), recognizing the direct responsibilities of managers in enterprises employing more than 1000 dependents (article 29).

In article 41, the European Parliament calls to extend the outline of work and the contents of the debate in progress, pointing out the implications relating to the management and governance of the enterprises (the so-called Corporate Governance). This suggests that is important to go beyond the three pillars of corporate, economic and environmental responsibility for the sustainable development.

In conclusion, it seems possible to confirm that the present policy in favour of CSR is mainly concentrated on the social, economic and environment spheres. In this sens, one can note, for example, how a productive system that promotes a form of socially responsible employment but leaves ample margins of pollution in the water resources and insufficient inspections of the economic policies cannot be considered as a sustainable productive system according to the definition adopted by the European Union.

For this purpose it is important to think of and put into practice the policies of corporate responsibility in harmony amongst themselves and coherent with the scope of social, environmental and trade integration – or rather economic – in respect of future generations, to guarantee efficiency and sustainability in the future.

PART II The national scenarios on CSR issues

ITALY

Over the last years in Italy more attention has been paid to the subject of corporate social responsibility as a fundamental condition for the achievement of sustainable economic development and social awareness. A number of initiatives contributing to a thorough examination of the debate on the themes of social responsibility are present and these ones help to disseminate awareness on the promotion of a further commitment in such direction on the part of the enterprises.

The interest shown on this issue is justified by the importance that corporate social responsibility is assuming in the evolution of mass consumer habits and customs of social behaviour. On the other hand the consumers, mass media, public administration and other external stake-holders demand responsibility and transparency from the enterprises. This type of request is translated in behaviour, linked, for example, to the choice of purchases or to the relations with the local bodies, that have a direct effect on the producer and hence it becomes important to establish a relationship with the neighboring communities based on trust, showing more honesty and transparency towards the market, respect of the environment and paying special attention to the social problems such as assistance to families, protection of children's rights, etc.

Awareness of CSR issues in the business world begins within the enterprise thanks to the workers. In fact, the main speakers of the enterprises are the workers (active part of the internal stakeholders), subjects directly linked to the enterprise itself and, thus, constituting the effective body and the pulsating heart of the same. Thanks to the workers' representatives, the enterprises have been called to confront with the floor that lives directly the dynamics of the development of the company's policies.

2.1 A national overview on CSR issues

During the semester of the Italian Presidency to the European Union (June – December 2003), the issue of CSR was made known to the general public. The former Minister for Welfare, promoted vast communications and elaboration of the contents, drawing the attention to five work priorities one of which concerning exclusively CSR. The expected intervention was structured within the project named "From Corporate Social Responsibility to Social Commitment" (CSR-SC), which results were shared by all member States, as a good procedure to build an effective contribution to the European debate on the issues of Corporate Social Responsibility.

With the project CSR-SC the Ministry of Labour instituted the Italian Multi-stakeholder Forum for CSR with the scope of encouraging the dissemination among the enterprises and the Italian organisations as well as promoting the agreement and transparency of the instruments and procedures. The aim of the project is to facilitate the diffusion of CSR activities and practices to "sustain the active participation of the enterprises in the national and local welfare system in accordance with a modern logic of public-private integration"¹⁸. The intention of the Government has been to create a system in which the enterprises would freely involve themselves in financing social policies. The role of the Government would then have been to establish the methods of intervention and the initiatives to adopt when allocating the resources put at the disposal of the enterprises, whilst the direct management of the projects would have been entrusted to non-profit and voluntary organisations.

In keeping with what was expected from the project, the commitment of the enterprises to financially support the social interventions – defined as *Social Commitment* – would have had to be encouraged through a system of incentives. All the incentives, never really clear, should have included the removal of the exemption from taxes of the sums disbursed for the social type interventions.

Within the project CSR-CS the necessity to set a benchmark for CSR arose and activities were initiated following analysis carried out on other national and international experiences. The research, conducted by the *Università Bocconi* – Milan consented to the identification of a first model of management and set a number of indicators regarding which a confrontation was launched among the different stakeholders. In the following phases more analysis were carried out and some instruments were tested.

¹⁸ <http://www.welfare.gov.it/csr/>

2.1.1 The I-CSR Foundation

From the above-mentioned activity the Foundation for the Dissemination of Corporate Social Responsibility – Italian Centre for Social Responsibility (I-CSR), was set up by the Ministry of Labour and Social Policies, INAIL (National Institute for Industrial Accident), Union of Italian Chambers of Commerce and University Bocconi of Milan, as per Law No. 311 of the 30th December 2004. The Foundation I-CSR has the following objectives:

- a) Promote the dissemination of CSR, also as regards to relations with the different stakeholders;
- b) Develop basic and applied research on social responsibility, supporting the Italian grants to the national and international scientific community, active on this issue;
- c) Promote dialogue among the public and private institutions, enterprises, universities and the different stakeholders involved in social responsibility.

The other activities of the Foundation, as indicated within its Statute, are:

- 1) Study, research, discussion, services directed to spread the social responsibility of the enterprises as well as the relations with the different stakeholders, paying special attention to the exigencies of the national economic structure, mainly made up of small and medium-sized enterprises;
- 2) Innovative research and diffusion of the relative results by means of study groups, workshops, seminars, conventions and publications.

Over these years, several contributions were published among which the document “*Temporary employment: Social Responsibility of Employment Agencies*” – on the perception of the stakeholders of five of the leading Employment Agencies regarding social responsibility; the pamphlet “*A – Z: The essential on Corporate Social Responsibility*”, targeted to spread the culture of CSR among students and young workers; the “*Vademecum on CSR*”, an informative publication dedicated mainly to entrepreneurs and professionals involved in new models of socially responsible management for the enterprises.

2.1.2 The experience of the local entities: Umbria and Tuscany

In Italy the Regions have the possibility of executing specific actions and set regulations on the subject of social responsibility starting by elaborating their own development plans. The most important experiences which seem worth to mention in the work report are identified in the set of laws adopted in Tuscany and Umbria.

The Region of Tuscany has, within its own economic strategy, expressed the need to promote the sustainability and the quality of development as a factor of competitiveness. The document elaborated by the Local Council of Industry, Crafts and SMEs, commenting upon the Green Paper of the European Commission says: “The integration of the social and environmental considerations and the value of human resources represent an added importance offering new opportunities of development for the enterprises: from here the choice of the Region to support the certification of social responsibility and strengthen the sustainability, pointing at the ethical nature of the production”.

For this purpose some initiatives were launched to promote the dissemination of the social certificate. Whilst recognising the need to support development of SMEs the Region has allocated the sum of 32 million Euros for the period 2000 – 2006 to cover 50% of the of expenses suffered in order to achieve certification in conformity with the systems EMAS, ISO 14001, SA 8000. This was accomplished by introducing certification for different back-up measures for the enterprises by using structured funds allocated to enterprises situated in the areas entitled to this right. Drawing from its own Industry Fund, the Region has moreover extended the terms for the certification SA8000 also to the enterprises located in the areas that do not benefit from European funds.

Furthermore, during 2003 the Regional Ethics Commission (REC) for social responsibility took office and besides representatives from the Region, the Commission also includes representatives from the union of the provinces and municipalities in Tuscany, representatives from the Chambers of Commerce, trade associations, unions, non-profit and non-government associations, consumers’ associations and other local bodies with the scope of sharing the pathway towards social certification with all parties concerned, at territorial level. At regional level, the Commission undertakes to support the debate in progress on the issues of CSR and the instruments used for certification, examining in depth the knowledge of the phenomenon in Tuscany in order to identify the strategic lines for development.

Moreover, several international relations with foreign agencies, Chambers of Commerce and other subjects have been promoted, to monitor the actions of the relocated enterprises in Tuscany or those users of a network of foreign suppliers. Such initiative has the twofold purpose of giving vision to the enterprises that operate respecting the stated principals of certification and encouraging a possible

mentoring role for similar enterprises. Furthermore, through this process it is possible to identify the enterprises that, on the other hand, do not conform to the themes of social and environment respect offering the latter companies a support to implement a better responsible conduct.

The pathway to development and actions is the basis of the formulation of the Regional Law No. 17 dated 8 May 2006 containing the provisions in terms of social corporate responsibility. By means of this provision, it is understood that the work to prompt the voluntary adoption to the relative standards of CSR models is pursued by the enterprises.

Today Tuscany is among the regions leader at world level for the number and the quality of the enterprises certified with the international standard certification SA8000. The enterprises possessing certificates number to 177, equivalent to 36% national and 15% global, besides another 350 have initiated the procedures to apply for certification (source: Tuscany Region, data up to 31/05/2007).

Another relevant experience is attributed to the Umbria Region, which passed a law in 2002 to support, by means of certification of systems of quality, the respect of the environment and safety, a sustained economic development and to promote the culture of social corporate and consumer responsibility.

In this context, the Region organised information campaigns to support the manufacturers of goods and services in the SMEs, including those operating in social economics, by granting contributions towards the implementation of systems of certification. In accordance with the regional laws, a list of enterprises present on the territory, holders of regional certificates conforming to quality systems, environmental standards, safety certification systems and SA 8000 for social responsibility has been drawn up and held by the Council. With the scope of supporting the enterprises that have rigorously observed the social and environmental obligation through certification, the Region has assigned unsecured grants equivalent to 50% of consultancy fees and certification, for those enterprises who implement certified management systems.

It must be emphasized that enrolment in the registry constitutes a title of priority for:

- The concession of financial incentives, contributions and facilities provided for in the regional laws;
- the issue of administrative authorisations provided for in the regional laws;
- the selection of subjects invited to the participation of tenders for public works or supplies and services, provided that they meet the requirements requested by the relative law in force.

Lastly, the Umbria Region has foreseen that the CSR can also be experimented by a group of enterprises operating at territorial level and constituting a type of “industrial district”, that is to say a “local system” (small and medium-sized area) with a specific production vocation.

2.1.3 The case of Italian Chambers of commerce and the observatory of CSR

The Union of Italian Chambers of Commerce (Unioncamere) appears among the most active public subjects in the national panorama on the issue of CSR. An agreement of utmost importance was signed in 2003 between Unioncamere and the Minister for Labour and Social Policies, as it establishes the opening of information and help desks for the enterprises at the Chambers of Commerce.

Over these years, 61 desks within the Chamber System dedicated to Social Responsibility have been opened.

The activities to be carried out by the CSR desks are:

- Studies and research
- Information services
- Training courses
- Assistance to the enterprises and promotion of CSR

A study by Unioncamere Centro Study describes the typologies of users who refer to the Chamber desks for supports. With reference to the assistance services, the smaller enterprises mainly turn to this desk, followed by the medium-sized enterprises and very rarely by the big enterprises. Regarding training and information services, 60% of the total users are SMEs. There is also a considerable number of requests for services coming from business consultants and students. Requests for services from trade associations and other Chambers of Commerce, particularly from Marche, Tuscany and Lombardy aim mainly at defining a structured collaboration with Unioncamere.

The *Unioncamere* has stipulated agreements on the subject of CSR with several organizations, both institutions and private entities:

Concerning dissemination activities, several meetings were organised on the most significant themes, characterising the national debate on the subject. It is worth mentioning the following, purely as examples:

- “Personal data protection in the enterprises as an instrument of social responsibility”: meeting-debate on the safe use and management of contents as well as personal and private information.
- “Social-ethical quality in the food and agricultural sector”: study carried out in collaboration with the Consortium of Innovative Technology “DINTEC”, whose objective is to provide information on the social-ethical quality scheme presently diffused in that sector and to gather and process information on the certificated food and agricultural enterprises.
- “Unioncamere Award for the Socially Responsible Enterprise”: the 2007 edition of the award has been dedicated to CSR with reference to health and safety at work.

Finally, a Database for Social Reports has been proposed by Unioncamere and managed by the Chamber system, where all e Social reports of the registered enterprises will be recorded.

2.2 The national legislation on employment and labour security

By studying closely the Italian legislative system on labour, employment and the worker’ safety, one cannot set aside that the Constitution of the Italian Republic, which contains all the leading principles on the matter of the promotion of work, workers’ protection, recognition of equal rights and opportunities, health, safety at place of work, etc.

2.2.1 The basis of the Italian Legislation

The Italian legislation, which celebrates its sixtieth anniversary (1st January 1948) since its foundation, sets its own principles in the Italian Constitution. The starting point is Article 1 line 1 which cites the role of the “work” as fundamental in the highest sense of the word: *“Italy is a Democratic Republic, founded on work”*. Article 2 recognises and guarantees the inviolability of human rights among which the work is the most important and must be safeguarded in various ways. Also Articles 3 and 4 award work and the workers with extremely important rights such as *“the participation of all workers to political, economic and social organizations of the Country”* (Art. 3) and *“The Republic recognizes for all citizens the right to work and promote the conditions that render this right effective”*:

Other important passages are Articles 36, 37 and 38 which are dedicated to the rights of equal wages, working hours as established by law inclusive of paid leave besides equal rights between men and women, for whom other conditions are recognized, being mothers. Furthermore, children’s rights and the disability rights for employment are pronounced. These passages in the Constitution are considered to be among the most farsighted and modern, bearing in mind that they were written in 1947.

Union rights and the right for the workers to strike (Articles 39 and 40) have also been provided for at a constitutional level, on the basis of which important agreements were signed regarding the emancipation of the workers’ condition on the Italian labour market, even through Art. 39 never came into effect because it met resistance from the Union Organisations “to receive” a public legal recognition, after a negative corporative experience.

2.2.2 The historical process

Many Laws were approved to regulate the Italian working world and cannot all be quoted. Some passages hereafter, recall the national history on labour laws useful for the present analysis.

In Italy, in the post-war period, among the most felt problems by the workers was the lack of regulations for the apprentice, another serious problem linked to the unemployed or without a regular job. Therefore, Act No. 264 of the 29th April 1949 was ratified and dedicated to the introduction of work and assistance to workers involuntary unemployed. This law brought about the employment services and the criteria for the evaluation of the state of need of the unemployed, promoting courses for the unemployed and to upgrade the company personnel.

In 1950 Act No. 860 was approved to provide physical and economic protection of working mothers, which law prohibited the employment of pregnant women in the last months of pregnancy (3 months for industrial workers, 2 months of agricultural workers and six weeks for the other categories). Moreover, the suspension from work became obligatory for the eight months following childbirth, subject to aggravating circumstances. This was an important achievement to protect maternity leave for the female workers and safeguard the newly born. Such rights were increased in 1971 thanks to Act No. 1204 that laid down more rights for the working mothers, amongst which the prohibition of dismissal during pregnancy and till the first birthday of the child.

Laws for the prevention of work accidents, defending health and hygiene at the place of work were introduced by decree No. 547/1955 and decree No. 303/1956 respectively. These decrees testify an important change at workplaces besides educating the workers themselves who were compelled by law to apply all safety measures, technical-health measures and all other means of protection as provided for in the Law. Another important element introduced by these decrees, was the employers' and managers' direct responsibility to put into practice all the safety and hygiene measures provided for in the decrees. In 1965 decree No. 1124 made insurance against accidents and occupational sickness at the workplace compulsory, improving the workers' salaries considerably. More recently, a legislative decree Nr. 626/1994 regarding safety at work, through which many prevention systems were reformed as well as codes of conduct at the workplace on the basis of which remarkable improvements of the working environments were implemented.

Today, the legislative decree No. 626/1994 has been renovated by Act No. 123 of the 3rd August 2007 acknowledged by legislative Decree No. 81 of the 9th April 2008. It refers to a more recent measure that redesigns the subject of health and safety at work.

2.2.3 Today's panorama

The Italian regulative system on the subject of safety at work and employment is living through years of great innovation and evolution. Presently, workers' safety is one of the most followed themes by the mass media and public opinion. Such attention is due to better awareness on the importance of safety at the workplaces, but also to a Reform on the subject of regulating the labour and employment market, that lives moments of importance with the so-called Biagi Reform of 2003 (Act No. 30 dated 14th February 2003).

At present, the intentions of the legislator seem orientated toward the definition of a legal model to be in a position to prevent risks of work accidents in a better way, also by developing the culture of legality at the workplaces. Precisely in this work context, the Legislator deems health and safety preventative measures of utmost importance. There are multiple motivations at the base of this sense of orientation and all head towards a general improvement which in the complexity of the discussion is translated in a lesser waste of resources by the State and enterprises and a very high quality of life for the working citizens.

For this purpose, data quoted from AMNIL (National Association for Disabled Workers) shows how in Italy the annual cost per work accident is about 42 thousand million Euros, assumes therefore a fundamental working role, from the point of view of formation, as a prime useful instrument against work accidents.

Heavy expenses incurred by these work accidents and sicknesses are shouldered by the National public system. In this way, the enterprises are also penalized when these industrial accidents involving their workers occur and the prolonged state of sickness caused by lack of adequate systems to safeguard the workers' health.

An interesting change that comes into effect by Act No. 123/2007 and the recent Consolidated Act (Legislative decree No. 81/2008) regards the integrations of the tradition legal system that do not only limit the disposition of the rules dictated by law, but are provided for with instruments such as formation, "good procedures", collective agreements and Corporate Social Responsibility.¹⁹

Examining in detail the Consolidated Act, the Ministry of Labour through its own websites underlines the following main objectives:

- the construction of a qualification system for the enterprises and independent workers that takes into account the experiences and competences regarding health and safety at work, acquired through targeted formation courses;
- formation as an essential tool for the prevention and protection;
- the diversification of the laws specifically referring to the risks in the reference sections.

In addition, the Consolidated Act will be directed to promote voluntary tools such as:

- the "good procedures" understood as experimental solutions to prevent and reduce the risk for the workers, based on the evaluation of the specific risk and consistent with the concrete application of preventative measures against the risks examined from time to time;
- Corporate Social Responsibility, for which an enterprise can claim that it is socially responsible when it adopts a management strategy of its own activities that combines profit-making with social and environment principles of a particular historic moment;
- Conduct Codes of Ethic.

¹⁹ Cfr: http://www.lavoro.gov.it/Lavoro/PrimoPiano/20071221_Sicurezza.htm

The introduction of voluntary instruments regarding CSR appear to be a great novelty that pursue indications both by the European Commission through the Green Book of 2001 and subsequent circulars as well as the European Parliament with the Resolution of March 2007 on Corporate Social Responsibility.

2.2.4 A glance at the labour market

Through the jurisprudential innovations, the Italian labour market underwent many changes over the last years. On the other hand, these processes, also fruit of reminders by the European Union, were gradually acknowledged and put into practice.

With regards to the institutional competences a simplification has been noted among the different levels of government (central and territorial), a process that has affected the course of action of many laws. An important contribution to be acknowledged is the so-called “Bassanini Law” and its subsequent decrees on “simplification” (Act Nos. 127/97, 191/98, Presidential Decree No. 403/98, Presidential Decree 445/2000) through which an important reform took place regarding the simplification of administrative documentation, contributing to streamlining of bureaucracy that were a hindrance to the workers and slowed down the activities of the Public Administration.

Amongst the main changes to be recorded is the pathway to delegating the Regions and other Bodies on the territory with the management of services offered to the citizens, and the identification of the measures of active policies for employment. This innovation was introduced with respect to the principle of subsidiarity and with the aim of meeting the real needs of the territory.

Another aspect of the pathway of reforms on the Italian labour market concerned the Employment Agencies, which became obsolete and inadequate to meet the demands of the new market dynamics. They have thus been substituted by public services for employment a Reform disciplined by Act No. 469/1997 and reorganized to make them distributors of the relevant services to meet the demand and offer of skilled labour in the Provinces. Such procedure was partially anticipated in Italy with the introduction of temporary work under the provisions of the Law No. 196/1997 (c.d. “Law Treu”).

The Reform proceeded towards the liberalisation of employment (in December 1997 the European Courts of Justice delivered a sentence declaring the illegitimacy of the Italian public monopoly of employment) and the opening of Service Centres for employment. Since 2003, new intermediary subjects have been recognised, such as private employment agencies, Universities, Schools, Chambers of Commerce, employment consultants, bilateral bodies, etc.

The services offered concern the work supply and demand that can be carried out following a specific authorization by the Ministry of Labour. This Reform has a two-fold aim: on one side it was necessary to get rid of the old system of state monopoly of employment management; on the other, it was important to offer a quality, effective and efficient service that can actually be used by job seekers.

Alongside the system aimed at guaranteeing transparency, the National Continuous Labour Exchange (BCNL), is a computerized system that links the regional systems and creates a national network among all the subjects of the labour market.

A few years since the introduction of these important reforms, positive results on the tendency of employment have been verified. From a more recent analysis of the statistics available up to date²⁰, it is possible to notice an upward trend. In fact, with regards to the variation of average percentage annually, employment during the last five-year period is among the highest, as shown in the figures below.

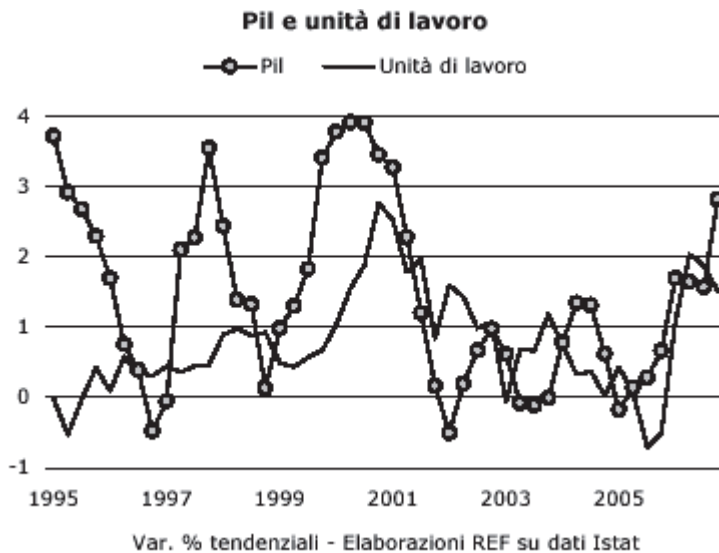
EMPLOYMENT – Variation average annual %

Years	1986-1990	1991-1995	1996-2000	2001-2006
Italy	0.4	-1.1	1.0	1.4

Source: REF processing of figures OCED

Over the last years, the market has highlighted positive signals of flexibility in demand for employment, particularly the industrial sectors. Such confrontation is also noted in the comparative analysis of the historic series of the (GDP) Gross Domestic Product with the tendency of employment of the workforce. In fact, whilst in the past there was a delay between the growth of the GDP and the growth of the workforce, since 2003 a considerable balance exists between the two factors. This signifies that the demand for work has the possibility to react to the variations of the economic cycle.

²⁰ Fonte: “Rapporto sul mercato del lavoro 2006”, CNEL



Through these rapid comparisons, it is possible to obtain only a partial vision of the effective innovation products on the Italian labour market initiated since 1997 up to date. It must be pointed out that, despite of improvements in terms of statistics regarding the levels of employment, there is an increase in temporary employment and workers find themselves at the height of a period passage of the national Labour system that sees, on the other hand, the creation of more flexible opportunities and workers' mobility, whilst on the other a delay in effectiveness and efficiency worsened by the cultural gap that still mythologizes a "regular job".

The effects of the innovations produced over the last years are multiple and still not clearly identified. Certainly, a multiplying element of competitiveness among the individual workers has been inserted in the Italian labour markets, who find that they have to manage different types of close-ended contracts (jobs-on-call contracts, project collaboration, etc) with the prospect of employment limited in time.

In such a mobile context, particular attention must be addressed to middle-aged workers, as it is necessary for them to maintain through the so-called of Life Long Learning their production and skills high, continually keeping abreast with the times (in particular, learning languages and use of information technology, today indispensable). Regarding the younger workforce, one notices a late entry into the working world thus favouring a longer and a more intense study period. In fact, from the official statistics one notices a drop in the labour offer equivalent to -7% of the younger cohort (15-24 years of age) attributed mainly to study reasons.²¹

The path to the Reform of the Italian Labour system is definitely not yet settled and in no way complete, as clearly indicated in the overall picture that has been briefly described in the preceding paragraphs. Some instruments of utmost importance that hopefully will be widely used are present in the Consolidated Law No. 81/2007 which refers to the Law No. 123/2007. In particular, the introduction to refer to voluntary instruments like Conduct Codes of Ethics and CSR, promotes the enterprises to activate strategies voted to harmonise without renouncing to the profits and at the same time, inalienable with social and environment principles.

²¹ ibidem

2.3 The Association measures for a better understanding of CSR meanings

2.3.1 The experience of Confapi

Confapi (Italian Confederation for Small and Medium-sized private enterprises) constituted at the end of the Forties, is one of the protagonists of the economic and industrial life in our country.

The courageous choice of giving birth to a Confederation representing the small and medium-sized enterprise found its proper origin in the Italian Manufacturing organisation. The presence of a lively and active entrepreneurial fabric has since highlighted the demand for a Confederation in a position to safeguard and promote the actual interests of the small and medium-sized enterprises at all levels.

Confapi operates with means and aims that reflect the management philosophy of a small and medium-sized enterprise. In fact, the human resources in the small and medium-sized enterprises, as regards to the big enterprises, are greatly appreciated thanks to a strict collaboration and a professional activity very close to the enterprise. The distinction of interests and modality of development of the small and medium-sized enterprise is a wealth of our manufacturing system. Adaptability and flexibility are the most outstanding qualities of the Italian enterprise, a reference model also for other countries.

Over the last sixty years, *Confapi* has contributed to the development of the SMEs, supporting the small and medium-sized enterprises in all the choices dictated by the changes of the economic horizons.

Confapi has grown together with the Italian SMEs and today is a well-established reality that represents more than 50 thousand enterprises with about one million workers.

Confapi safeguards and promotes the actual interests of the small and medium-sized enterprises at all levels and is the spokesman for the entrepreneurs that live the same daily experiences, confronting each other in equal measure on production problems, the national market and globalisation, finance, industrial relations, infrastructure, speaking the same language as the enterprises. Businessmen and businesswomen, influential protagonists in economy and on the territory are authentic leaders of the Italian System.

Confapi works hand-in-hand with them evaluating their entrepreneurial talents, constructing concrete opportunities for economic development and sustaining the well-being of the country.

With the project CSR-CS of the Ministry of Labour (2003) the Italian Multistakeholders Forum was instituted with the aim of encouraging the dissemination of CSR among the enterprises and the Italian organisations and to promote the meeting and transparency of the instruments and procedures for CSR. *Confapi*, with its representatives has participated in the workings of Italian Multi-stakeholder forum on CSR since its setting up in September 2004. The collaboration in the field of technical groups lasted till the completion of the activities in December 2005 and the approval of the conclusive reports of the thematic tables.

In such context and with the scope of promoting the CSR culture and reach the objective of the Project of the Ministry, an Agreement was signed on 19th April 2004 with *Confapi* to disseminate the concept of corporate social responsibility among the Italian SMEs. On signing the agreement, *Confapi* had particularly undertaken to diffuse the aims and the contents of the Social Statement among its members and to collaborate with the Ministry with the objective of realising a pilot test aimed at the experimentation of the set of indicators as provided for in the project, with the purpose of facilitating adaptation of these indicators in the specific industrial sectors.

In the Agreement²² between *Confapi* and the Ministry of Labour, the Confederation has drawn up a survey on the initiatives proposed by the associated organisations, at territorial level through an invitation to participate in a special questionnaire sent to the Associations and Federations belonging to it. In this context, the survey confirmed the interest of the associative structure of *Confapi* on this issue, highlighting the initiatives and projects for the dissemination of some CSR practices to which the Associations of Small Enterprises (ASE) on the territory are committed. A well-structured picture of the activities in progress emerged from the responses of the questionnaire, given that 85% of the Associations that participated to the questionnaire declared they had already started programmes of awareness, information or promotion of corporate social responsibility.

The main themes which the Associations/Federations has to concentrate its commitment on, are the attention to the health and safety of the workers, formation activities, equal opportunities, activities in favour of the local community, the control of the environmental aspects of the products, the attention to human resources, the safeguarding of the environment and interventions to help the integration of immigrants.

²² Agreement signed between Confapi and the Ministry of Labour and Social Policies on the 19th April 2004 with the scope of encouraging dissemination of CSR among the small and medium-sized enterprises, is among the documents of the technical Seminar of the 20.12

The Associations/Federations offer information and consultancy on such thematic areas, including the possibility of using grants (in particular for safety, environment, quality, formation, human resources, equal opportunities, international co-operation) through services, offices and organisations available. Moreover, the survey points out some special initiatives promoted at association level.

Furthermore, the Associations/Federations organise conventions, seminars, courses and special projects on the issues of CSR (amongst which projects financed by the Social European Fund, through the European programme Leonardo da Vinci and projects promoted by the Chambers of Commerce).

85% of the Associations/Federations that have replied to the questionnaire declared that they were aware of the Project CSR-SC promoted by the Ministry of Labour.

62% of the Associations/Federations maintain that in the reference frame of their territory the enterprises are sensitive or active on the issues of CSR, while only 31% have carried out researches using questionnaires in this sense.

The main instruments for which the Associations/Federations offer information and consultancy to the small and medium-sized enterprises are the Certification SA8000, Code of Ethics, Social Report and the Global compact.

The factors that, in the future might help to draw more attention to the issue CSR are represented mainly by a greater vision for the socially responsible enterprises, by a better dissemination of information on the issues of CSR and the organization of formation activity on CSR.

Following the present survey, an Association registered with *Confapi* recently launched a first pilot initiative on the subject of the set of indicators as provided for in the Project CSR-SC to be experimented on a group of enterprises associated with ASE.

At European level, *Confapi* together with other national organizations belonging to UEAPME (European Association of Craft, Small and Medium-Sized Enterprises) participated in the campaign “Dissemination of the social responsibility in the small and medium-sized enterprises” financed by the European Commission and promoted by UEAPME, which entailed the organization of information seminars on the communitarian principles regarding CSR in all the countries interested in the initiative (five in Italy)

Furthermore, *Confapi* is presently partner in the project “Mainstreaming CSR among SMEs” promoted by UEAPME and financed by the European Commission following an invitation to present proposals on “Mainstreaming CSR among SMEs” received from the General Management Enterprise and Industry of the European Commission in July 2005. The biennial project took off in September 2006. The programme calls for the preparation of a guide on CSR for the SMEs, formation activities for the educators, national seminars for the dissemination of the guide and to collect good company practices. The project will conclude with a national Conference to be organized in Rome by the Italian partners, among who is *Confapi*.

At the end, *Confapi* joined the Global Compact an initiative promoted by the United Nations and has participated, since its constitution in the Steering Committee of the ILO Project “Sustained Development through Global Compact”. The project has promoted in the countries identified for cooperation with Italy (Albania, Tunisia and Morocco) the fundamental principles of social responsibility contained in the Global Compact of the United Nations, in the Tripartite Declaration of the principles of the multi-national enterprises and the social policy of ILO besides the Guide Lines of OECD for the multi-national companies. Actually, *Confapi* belongs to the Italian Network for Global Compact that gathered and continues with the activities previously coordinated by ILO, which continues to form part of the Network.

2.4 SMEs’ knowledge and application of the CSR issues

The knowledge regarding the instruments and the meaning of social responsibility on the part of the Italian enterprises has improved over the last years, thus supporting dialogue between enterprise and society starting from the places of work.

The workers have more frequently over the last years pointed out the need of a report that goes beyond the wage claims and the “classical” requests – we can say – but that takes into account also the fundamental rights and moral duties of the social responsibility of the enterprise. There are several reasons such as the “new” demands that can vary from the importance of kindergarten facilities within the enterprise, to the demand of donating work/hours to day-care centres in the same territorial area where the enterprise is located. Besides, the worker has a double profile that sees him as a producer at his place of work and a consumer outside

This fact makes him a carrier of reliable information at his line of production in the enterprise, with a socially responsible behaviour also in the case that he should identify some “phases” not in line.

A recent study conducted by ASA Amrop Hever²³, a research company based in Milan and Rome, confirms such tendency. Over the last five years, there has been a remarkable increase among the Italian managers (73% on the universal total analysed) who have attributed importance to CSR as the contributing factor towards the success of the enterprise, in the medium-long period.

According to this recent survey, today the motivations that have induced the introduction of the CSR model are linked to the fact that through CSR it is possible to create and maintain good relations with the public opinion (74%), contribute towards developing human resources (70%) and attracting talents in the enterprises (64%). The results produced from the previous survey carried out five years ago, are extremely different. In fact, the motivating CSR factor was really for the image of the enterprise (68%).

The outcome of the survey indicated that the perception of CSR purely motivated for philanthropic reasons, marketing and communication, or reputation, has been overcome; whilst, is more widespread the conviction that the choices of CSR as strategic options concern and integrate the business of the enterprise.

Even though it is possible to assume a rather positive imagine of maturity, today it can be verified that at managerial level of the Italian enterprise, there are still some problems to be solved. In particular, the adoption of instruments to monitor and document the setting up and observance of the social responsibility practices. In fact, only 58% of the enterprises choose to prepare an out-and-out social report. More frequently (94%) turn to insert the integrations in the traditional balance sheet.

Another element of great importance in the active policies of CSR, but nevertheless underestimated by the world of Italian top managers, is the attention given to the clients’ opinion (66%), partners and suppliers as external stakeholders, or better still carriers of interests to listen to attentively and evaluate adequately in the company choices.

2.4.1 Case studies

1. Galvanin Luigino Spa

Company	Galvanin Luigino S.p.A.						
Business sector	Production of stamps and punching precision metal components						
Address	Via Dal Ponte 130						
Telephone	0444-380375						
Email address:	info@galvaninluigino.it						
Web site:	www.galvaninluigino.it						
Number of employees							
<i>Full time</i>	<i>93</i>	<i>Male</i>	<i>83</i>	<i>Female</i>	<i>10</i>	<i>Total</i>	<i>93</i>
<i>Part time</i>	<i>2</i>	<i>Male</i>	<i>1</i>	<i>Female</i>	<i>1</i>	<i>Total</i>	<i>2</i>

Company and CSR processes presentation

Galvanin Luigino S.p.A (<http://www.galvaninluigino.it/>) is a mechanical and engineering industry founded in 1968. It is located in Torri di Quartesolo (Vi). They design and produce punching plants, precision small metal parts and they provide technical services for industrial plant services.

The company has been growing during the years in different ways: the turnover, the Italian and foreign customers, the market areas, the presses and the equipment; last but not least, the employees. Galvanin Luigino S.p.A. is certified ISO/TS 16949:2002, UNI EN ISO 9001:2000, ISO 14001:2004, OHSAS 18001:1999 and SA8000. According to these certifications, precision small metal parts are punched observing strict rules.

Moreover, environmental awareness is well developed by Galvanin paying lot of attention both to internal rules for ethics respect and to the employees’ safety, according to the norm 626/94.

²³ Source: Report on Social Responsibility “Il Sole 24 ore” of the 25th March 2008

In August 2006 the company achieved the Best 4, that is to say the certificate ISO 9001:2000, and also the certificates ISO 14001:2004, OHSAS 18001:1999 and SA8000.

Galvanin Luigino S.p.A. is split into 2 macro productive areas:
 - the die workshop where progressive and transfer tools are both manufactured and maintained
 - the punching department where small metal parts are produced.

Beside these 2 areas, there are the following technical services: the technical department, the labs, the Information technology, the thermic and washing departments (with new plants and reflux removal)
 The die workshop ranges removal chip equipment like milling machines, lathes, automatic machining centres, lapping machines, electrical discharge machinings, perforating machines and so on.
 The punching department ranges 27 high-speed mechanical presses, from 30 up to 315 tons.
 In 2004 Galvanin Luigino S.p.A. started new activities in order to keep growing not only as a tool and small metal parts manufacturer, but also as a company able to offer know-how, which means high qualified technical skills.

All these activities are connected to the Service that Galvanin gives to the customers: many technical solutions, co-design, alternative raw materials and treatment offer beside the traditional ones: briefly, all those activities that can represent Engineering and Quality for the customers, saving time and money, like for example the B2B system developed through the new portal.

What is the Corporate Social Responsibility for Galvanin?

The Corporate Social Responsibility (CSR) is a voluntary choice of some companies to be integrated into the social and ecological cares both making business and during their relationships with the stakeholders (Green Paper of the European Commission, July 2001).

According to Galvanin Luigino SpA, the main concepts on this topic are the following:

Individual Responsibility	The Corporate Social Responsibility depends previously on an Individual Responsibility There is no Corporate Social Responsibility without the Responsibility of each single person (associates, workers, external stakeholders).
Corporate Social Responsibility	To extend the interests beyond the income of the enterprise and the individual needs. To manage the enterprise to maintain it in health and profitable with respect to a sustainable growth. This is the first responsibility towards the employees, the community and the enterprise itself. It can be achieved if the individual benefit embraces the Corporate utility which means decision making process has to consider all the aspects and to grant the present and the sustainable common good (it can be very difficult sometimes because it requires the right balance between individual and corporate needs)

How the company implements CSR

The following chart describes the way Galvanin Luigino S.p.A. implments CSR within the company.
 The three columns in the table show the intervention areas, the activities within each area and the specific actions the company carries out to finalize the activities.

INTERVENTION AREAS	ACTIVITIES	ACTIONS
HUMAN RESOURCES	Training	Training on SA8000, safety and environment, technical issues. Training management through the analysis of skills and expertise. To this purpose, the company implements a procedure based on guides on tasks, evaluation tables, description of skills and expertise, analysis of needs, training projects.

	Equal opportunities and handicapped	Recruiting of handicapped within an agreement with CPI and management of equal opportunities
	Internal communications and employees' satisfaction management	Enhancing personal relationships, election of a workers' representative, boxes for Non Conformità, use of bulletins boards and newsletters, questionnaire about employees' satisfaction, drafting of the Declaration of Company values
	Focus on SA8000: Child labour, Forced labour, Safety and health, Freedom of association, discrimination, disciplinary practices, Working hours, Remuneration	Verification on the compliance with SA8000 requirements and release of the certification. Management based on internal inspections, Plan for Enhancement, Management re-examination. Verifications on compliance with labour and safety legislation.
PARTNERS	Protection of partners' rights, communication and accounting	Meetings among all partners, new statute, drafting of indicators and information to guarantee an equal involvement and communication among partners
CUSTOMERS	Market development, monitoring customers' satisfaction, promotion, privacy protection	Development of marketing actions. Management of privacy.
SUPPLIERS	Procedure for selecting suppliers, information and awareness on CSR	Program for monitoring suppliers; information and awareness activities; inspections
FINANCIAL PARTNER	Relations with banks and insurances within CSR framework	Verification on ethical codes; enhancement of dialogue
GOVERNMENT, LOCAL ENTITIES, PUBLIC ADMINISTRATION	Relations with public institutions within CSR framework	On time payment of taxes; project on communication with Veneto Responsabile
CIVIL SOCIETY	Charity, direct participation and involvement in education, culture and sport. Involvement of civil society	1) Action on local territory: - sponsorship to: women volleyball club Gavazzale; Fattoria Artistica Antersass; Festival Biblico of Vicenza; "1986-2006: Ricordare Chernobyl" event; - Sponsorship for the purchase of a bus for handicappeds, promoted by Comune di Torri di Quartesolo. 2) Collaboration with "Il Nuovo Ponte" cooperative and with San Gaetano Institute in Vicenza. 3) Fairs focusing on CSR: participation to No Profit Fair of Padova, May 5-7 2006, with a company stand aimed at enhancing dialogue between Profit and No Profit sector 4) Collaboration with API and Veneto Responsabile
	Relations with media	Drafting of an external communication plan. Frequent participation in TV programs: reality show in Galvanin in 2005; program on RAI DUE in 2006

	Internet: Virtual communication and security management	Management of Web site; use of the web site for communicating with customers and suppliers; monitoring of access; web site positioning; sections focused on CSR
ENVIRONMENT	Management of consumptions, waste, water discharges, soil and air	Eco-friendly management and release of certification by RINA
GOOD MANAGEMENT	Research and development	Collaboration with universities and registration of patents
	Administration and finance and monitoring of management processes	Management monitoring through advanced software
	Middle and long term Maintenance, growth and strategy	Multi-year planning and “Nuovo Capannone” project

Annex I

2. FONTECAL spa

Company	FONTECAL S.p.A.						
Business sector	Manufacturers of hot-water heaters						
Address	Via Nazionale 56/A – Cepagatti (Pescara) _ Italia						
Telephone	0859771482						
Email address:	info@fontecal.it						
Web site:	www.fontecal.it						
Number of employees 80							
<i>Full time</i>		<i>Males</i>	70	<i>Females</i>	8	<i>Total</i>	78
<i>Part time</i>		<i>Males</i>		<i>Females</i>	2	<i>Total</i>	2

Company and CSR processes presentation

Fontecal S.p.A. has its seat in Via Nazionale, 56/A – Villanova di Cepagatti (PE) and was established in 1991 to manufacture civil and industrial hot-water boilers; since 1999 it specializes in the production of condensing boilers, elaborating and utilizing its technology. The activity of the enterprise is therefore characterized by the production of high technology boilers destined directly to the market of installers as well as commercializing it to third manufacturers who recognize in Fontecal a manufacturer specialised in the described sector.

The company, already holder of certificate of quality ISO 9001:2000 as well as 14001:04 for the environment, regards with interest the problems connected with CSR, yet it is still at the beginning of the process of drafting up the balance of social responsibilities.

It has recently adopted a real code of social ethics, disseminating it internally and inserting it in its website, and the achievement of the certification SA 8000 is among its medium-term programme.

Hereunder is a brief description of the production cycle.

The incoming material (metal sheets, copper pipes, fibre glass, etc) is stocked in the warehouse from where it is collected and sent to the production departments.

Basically, the company has two lines of production, metal sheeting and pipes.

The steel sheets are sent to the relative manufacturing department to be processed, in accordance with the components to be realised and to the phases of cutting or shearing, pressing and bending.

Depending on the specific works these can be sent to the welding department where they will undergo a welding process with joints or continuous welding or else sent directly for spraying carried out externally, or dispatched for the pre-assembling phase.

In the pre-assembling department, the particulars obtained from the preceding process are assembled with the ready-made components acquired from other companies, such as electronic cards, pumps, exchangers for sanitary water, thermonostats, manostats to obtain semi-processed products like hydraulic plants, electrical plants which will subsequently be mounted on the final product in the assembling phase.

The copper pipes reach the enterprise in rolls or bars and later are sent to the pipe processing division where they will undergo the cutting, bending and/or moulding phase.

Depending on the particulars realised, the pipes can undergo a welding phase or sent directly for pre-assembling.

In the assembling division it is possible to single out six assembly lines, two of which are for the wall-mounted boilers, two for base boilers and two for condensing boilers.

After the assembly phase, the boilers, now finished, are tested. All the boilers that pass the test are packed and sent to the warehouse from where they will be collected and sent, depending on the clients' requests.

Besides the divisions as described earlier there is also a service and preparation of equipment division whose duty is to convert all the equipment, moulds, control tags, etc to mount on the machinery to effect the necessary particulars. Such division, moreover, carries out in-service ordinary maintenance on the machinery.

What CSR represents for the company

“The voluntary integration of the enterprise, the social and environmental worries in their commercial operations and in their relations with the interested parties” is the definition of Corporate Social Responsibility (CSR) which originates from the well known Green Paper of the European Commission. In this ambit, Fontecal, although at the beginning of its process directed to the certification SA 8000, proposes a model of development based on high social ethical values, avoiding illegitimate and incorrect behaviour. Its own Code of Ethics will constitute a reference to which all the subjects that contribute to Fontecal must adapt in their behaviour, convincing that in conducting business ethics must also be a success for the enterprise.

Individual responsibility	Fontecal assures that all its representatives and collaborators are well aware of the meaning of ethics in their actions, by not pursuing personal or company profits to the detriment of the prevailing laws and standards as dictated by an ethically correct behaviour.
Responsible management of the company	The management commits itself to guarantee the fulfilment of its duties which can be summarised as: respect of internal Code of ethics, suitable quality of life of its collaborators, supply its clientele with a trustworthy product and contribute towards energy saving as well as the reduction of polluting emissions.

How the company implements CSR

As aforementioned, the company is still in its first steps in the field of CSR, although it is showing great attention to the ethical issues of work. In this sense, it has explicitly indicated, in its code of ethics, the following: the objectives and the values it proposes, the principles on which it bases its management, the attention it dedicates to human resources, honesty, transparency to safety in the workplaces. Complete awareness of “Social Corporate Responsibility” should be delegated to the individual operators through personal responsibility.

Its code of ethics is distributed to all the dependents; it has also been published on the company website.

INTERVENTION AREAS	ACTIVITIES	ACTIONS
HUMAN RESOURCES	Distribution and sensitization of the ethical values clearly explained in the code of ethics	Distribution of code of ethics

	Training activities	The actions undertaken express in regulations, already imposed by the standard ISO 9001:2000 and 14001:04 are planned periodically, through analysis of the formation needs, and applied through a formation plan. The interested fields range from legal aspects to safety, specific technical updating to quality, etc. etc.
	Socialising activities	Periods in which all the workers meet. (eg dinners, open house for the families, etc. etc)
	Management of the disabled	Total application of the rules on this issue also by stipulating a convention with the predisposed provincial body (SILUS)
PARTNERS	Reports	The social base is, up to date very limited and the daily activities are directly followed by two partners.
CUSTOMERS	Promotions and complete respect of the data protection act	Periods of promotional initiatives, also with the scope of monitoring the clients' satisfaction. Adoption of an adequate DPS
SUPPLIERS	Monitoring plan of the suppliers	Monitoring the suppliers also in view of their valuation
FINANCIAL PARTNER	Reports	Attention to the ethical aspects of the relations with the financial institutions.
GOVERNMENT, LOCAL ENTITIES, PUBLIC ADMINISTRATION	Reports	Complete and transparent administrative activity
CIVIL SOCIETY	Involvement of the territory	Periodic and planned charity activities; Relations of Spot sponsoring for sports activities at amateur and professional level; Full participation to all the events organized by trade unions also in solidarity (ASE)
ENVIRONMENT	14001:04 Application	Full application of the rules provided for by 14001:04 and therefore a correct management of waste, polluting emissions in water, land and the atmosphere. (Strong point of our product is undoubtedly the reduction of polluting emissions)
GOOD MANAGEMENT	Adoption of code of ethics	Surveillance of respect of Code of ethics. Full respect of the regulations on safety (present extension works - warehouse) Past and programmed future collaboration with university institute of research.

Annex II

3. GALLI & C. srl

Company	Galli & C. S.r.l.						
Business sector	Lithographic printing						
Address	VIA ROSMINI 20 VARESE						
Telephone	0332810433						
Email address:	info@tipografiagalli.it						
Web site:	www.tipografiagalli.it						
Number of employees							
<i>Full time</i>		<i>Male</i>	17	<i>Female</i>	6	<i>Total</i>	23
<i>Part time</i>		<i>Male</i>	4	<i>Female</i>	2	<i>Total</i>	6

Company and CSR processes presentation

Galli & C. S.r.l. is a Society of ancient origin located in Varese: there are indeed documents certifying the work of Stamperia Galli in the second half century. The company operates in the field of lithographic printing, binding, forms and publishing industries and provides its customers with the executives for printing until the binding and delivery of the printed products. The quality certification, obtained in accordance with the UNI EN ISO 9001 in the early 1998, is the first step towards a policy aimed increasingly at customer satisfaction. In October 2005 the Galli & C. S.r.l. obtained the certification of the integrated quality, environment and safety management system.

The direction of the Company considers "the reputation" of the brand the true value of the company and therefore:

- has obtained the certification in accordance with the standard SA 8000:2001;
- develops, maintains and strengthens policies and procedures to handle all situations related to Social Responsibility;
- proves to the stakeholders that its procedures, policies and practices for Social Responsibility meet the requirements of the standard and respect the laws and agreements signed.

In compliance with the SA8000 standard

- The Galli & C. S.r.l. does not use and has ever used people younger than 15 years of age, or supports the use of child labour by third parties. The company is respectful of the provisions of Italian law in this area.
- The Galli & C. Srl has established a recruitment policy which states clearly the requirements of age. The policy on child labour, which is an integral part of the policy of social responsibility of society, is communicated to staff and as far as possible to external stakeholders.
- The company requires to its suppliers the same compliance with this requirements;
- Galli & C. S.r.l. does not take advantage nor encourages the use of forced labour, in compliance with the ILO Conventions 29 and ILO 105;
- the Company excludes to require staff to leave deposits or original documents at the beginning of the employment relationship;
- the company pays the greatest attention to the exclusion of business relations with suppliers, sub suppliers and temporary employment agencies that facilitate the forced labour.
- The company has a system of management for Health and Safety complying with the specific OHSAS 18001 certified by CSQ, to promote and implement a continuous improvement of security conditions and health of its workers.
- Galli & C. S.r.l. therefore makes a risk assessment and the subsequent adoption of appropriate measures to prevent accidents and damages to health that may occur during work or as a consequence of it;
- provides proper equipment for individual protection;
- organizes regular meetings about safety;
- establish the emergency plan and carries out evacuation tests;

- the Company implements appropriate plans for staff training on security; particular attention is paid to training for the safety of new hires and personnel that should change task.
- The company ensures the free right of all employees to join unions, the right to collective bargaining and the exclusion of discrimination against union representatives;
- The company excludes discrimination in relation to race, class, national origin, religion, disability, gender, age, sexual orientation, union membership or political affiliation;
- The company excludes interference with the personnel right to follow principles or practices related to race, religion, sex, nationality, disability, membership of trade unions and / or political formations;
- The company explicitly clears in its policy of recruitment the absolute refusal of discriminatory criteria.
- The Company does not use nor favors corporal punishment, mental or physical coercion, verbal violence or “mobbing”
- The company ensures compliance with the legal minimum wage on the understanding that the pay must meet the essential needs and ensure a portion of additional income;
- the company ensures the exclusion of salary deductions for disciplinary reasons and of contracts that don't regularise the position of employees contributions;

Galli & C. adopts the following policy for Social Responsibility:

The Company aware of the importance of maintaining and if possible enhance its reputation, not only concerning:

- the quality of its products
- the respect for the environment
- the safety of workers at work

but also with regard to ethical and social responsibility, it will:

- comply with all requirements of the standard SA 8000 and to all those signed;
- constantly ensure compliance with the applicable laws;
- commit to continual improvement of its performance in terms of Social Responsibility;
- maintain, communicate and explain to all staff at all levels this policy;
- ensure that the policy is available to the public.

More particularly the management of Galli & C. S.r.l. ensures:

- with regard to child labour: respect for the D. Lgs. 345/1999 and the ILO Conventions 138, ILO 182 and ILO Recommendation 146; request to its suppliers for compliance with social responsibility's requirements on this issue; development of a recruitment policy which sets out clearly the requirements of age;
- with regard to forced labour: exclusion of it in accordance with the Italian law and ILO Conventions 29 and ILO 105; exclusion of requests for deposits of money or original documents;
- with regard to health and safety of workers: compliance with the requirements of D. Lgs 81/2008;
- continuous improvement of security conditions for workers through the implementation of the principles and procedures established by the management system for safety, certified as conforming to specific OHSAS 18001;
- with regard to freedom of association and the right to collective bargaining: respect of the Italian legislation in this area and of ILO Conventions 87, 135 and ILO ILO 98;
- with regard to discrimination: respect for the Constitution of the Republic of Italy and ILO Conventions 111, ILO 100, ILO 159 and ILO 177; inclusion in its policy of the absolute refusal of discriminatory criteria;
- with regard to disciplinary procedures: respect for the Constitution of the Republic of Italy and of ILO Convention 98 and the applicable national collective contract;
- with regard to working hours: respect for the Constitution of the Republic of Italy, Italian laws and ILO Convention 98;
- with regard to remuneration: compliance with the applicable collective bargaining and the ILO Convention 100.

The management involves stakeholders in order to get information to improve the performance of Social Responsibility of the Company. The management also ensures an adequate internal and external communication about Social Responsibility of the Company.

The management ensures the annual review of adequacy and effectiveness of the policy, procedures and results of the system in order to identify further needs to be included in the "program improvement" of the following year.

The management has individuated its representative for Social Responsibility to ensure compliance with the requirements of standard reference; the staff has its own representative with the task of facilitating relations with the management about Social Responsibility.

Appropriate form and a "SA8000 box" are provided to make anonymous compliant about CSR.

Every year the management sets improvement of targets and assigns the needed time and resources ("Yearly improvement Program") and ensures the conduct of audits (at least annual) regarding compliance with the requirements of Social Responsibility.

The Company acknowledges the importance of the control of suppliers and, at this scope, it has established a specific procedure including:

- a questionnaire about the respects of CSR requirements and examination of answers;
- direct and indirect acquisition of more information about the suppliers;
- request to supplier's management for a commitment to respect the requirements of SA8000, to accept audits by the Company and to evaluate and implement any improvement of actions required;
- classification of critical provider: Critical or Not Critical;

The periodic evaluation of suppliers is carried out through meetings, taking information from various sources or audit activities.

The Company promotes communication about CSR both inside and outside the Organization.

What CSR represents for the company

For the Company, CSR:

- Preserves the credibility and reputation of the company, generating a positive image of it.
- Creates greater confidence of consumers and others stakeholders;
- Enhances relations with the institutions;
- Improves the internal climate.

Individual responsibility	Workers feel protected by the firm in which they operate and more involved in achieving the targets, turn over decreases.
Responsible management of the company	Positive image of the company; better relationship with stakeholders (consumers, community, institutions...).

How the company implements CSR

INTERVENTION AREAS	ACTIVITIES	ACTIONS
HUMAN RESOURCES	workers health and safety	<ul style="list-style-type: none"> - certified OHSAS 18001 management system to promote and implement a continuous improvement of security conditions and health of workers; - risk assessment and subsequent adoption of appropriate measures to prevent accidents and damages to health that may occur during work or as a consequence of it; - provision of proper equipment for individual protection; - regular meetings about safety; - emergency plan and evacuation tests regularly carried out; - training about safety for new hires and personnel that should change task.
	workers education and training	<ul style="list-style-type: none"> - Training about health and safety (see above) - training about environment management; - training about CSR.
	workers satisfaction	<ul style="list-style-type: none"> - annual evaluation of workers satisfaction through a questionnaire; - annual evaluation of wages situation.
	workers involvement	<ul style="list-style-type: none"> - mention for a labour prize for workers with 35 years of activity; - indoor soccer team.
PARTNERS	----	----
CUSTOMERS	Customers Satisfaction	<ul style="list-style-type: none"> - annual evaluation of customer satisfaction through an appropriate questionnaire.
SUPPLIERS	Suppliers chain control	<ul style="list-style-type: none"> - questionnaire about the respects of CSR requirements - examination of responses; - direct and indirect acquisition of more information about the supplier; - request to supplier's management for its commitment to respect the requirements of SA8000, to accept audits by the Company and to evaluate and implement any improvement of actions required; - classification critical provider: Critical or Not Critical; <p>The periodic evaluation of suppliers is carried out through meetings, taking information from various sources or audit activities.</p>
FINANCIAL PARTNER	----	----

GOVERNMENT, LOCAL ENTITIES, PUBLIC ADMINISTRATION	External communication	
CIVIL SOCIETY	Health	<ul style="list-style-type: none"> - Free supply of printed materials to Andos (Associazione Donne Operate al Seno - Via Maspero 10, Varese); - Purchase, for Christmas and Easter, of presents by civil associations Onlus (Comitato Maria Letizia Verga and AIL Varese); - Free supply of calendars and diaries for the various departments of the Hospital Circolo di Varese;
	Sport	<ul style="list-style-type: none"> - Annual sponsorship of the Volleyball Team Society Brunella (Via Salvo D'Acquisto 1, Varese) and of the society Basketball Bosto (Via Limido 16, Varese).
	Culture	<ul style="list-style-type: none"> - Free supply of printed materials to Associazione Amici dell'Arte (Varese);
ENVIRONMENT	Certificated integrated quality, environment and safety management system	<ul style="list-style-type: none"> - Taken all measures to minimise the environmental impact of the company activity; - communication to stakeholders on the environmental impact of the activity - annual goals for improvement; - workers' training about environment management
GOODS MANAGEMENT		

Annex I

Galvanin Luigino SpA's Declaration of Company Values

The company is a "social" patrimony: it is a moral duty of all of us to maintain it in health and profitable with respect to a sustainable growth.

Our relations are based on Trust, Engagement and Respect, and we all shall share these values during our daily work.

We are a community and as a community we have to respect and to preserve the Environment.

The Centrality and the Value of the Person, respecting its physical integrity and its values, are considered indispensable bases regardless of race, social position, nationality, religion, physical handicaps, sex, sexual inclination, political and/or trade-union membership or age.

Research, Innovation and Development of the organisation's processes are built up with the contribution of all company members; therefore, we believe in the constant training, not only professional, but personal of all of us.

We believe that Involvement helps spreading the feeling of being part and increases the level of satisfaction; it is our responsibility to put in practice and to disseminate this philosophy of Company-Community in relationship with the local Community.

The company Galvanin Luigino S.p.A. is committed to comply with the requirements of the standard SA 8000 and the respective international instruments provided for by mentioned standard, as well as with current national laws.

With regards to this Declaration of Values, the goals of continuous improvement, which the Management of Galvanin Luigino S.p.A. is pursuing, are defined year by year in the periodical audit of the Social Responsibility System and recorded in the report of the Management audit. Those goals are communicated to all levels of the organisation so that all employees may feel as being part and fully involved in pursuing them.

The Management of Galvanin Luigino S.p.A. will constantly organize and promote training and information activities in order to guarantee that this Declaration is rightly perceived, implemented and supported at all levels.

SA 8000 Certification

Galvanin Luigino S.p.A. implements CSR management based on SA 8000 certification, in order to ensure favorable working conditions to its employees.

This management system aims at protecting workers' rights, by respecting an universally shared group of normative standards, measurable and verifiable by third parts.

SA 8000 certification consists of some minimum requirements related to social and human rights and aims at monitoring the company's attitude towards its employees, in order of these dimensions.

Compliance with these requirements allows to get the Certification, that is released by an independent external body.

Verifications are carried out every year by a qualified third part, charged of evaluating if the company's attitude is compliant with the standard's requirements.

Main reasons for obtaining a SA 8000 certification are:

1. Improving company environment
2. Preserving company reputation
3. Increasing confidence by customers
4. Improving relations with institutions
5. Monitoring of ethic

SA 8000 certification was created by CEPAA in collaboration with a team of experts made of representatives of organizations active for the protection of human rights and children's rights.

The basis for the drafting of requirements were the official declarations promoted by the main international organization, such as ILO's Conventions, the Universal Declaration on Human Rights and the ONU Convention for Children's rights.

Purposes of the action are:

1. developing, maintaining and strengthen policies and procedures for managing all company's situations;
2. proving that policies, procedures and practices are compliant with the standard's requirements;
3. the requirements should be universally implemented, in relation with geographic location, industrial branch and company's size.

SA 8000 certification states the respect of national and international laws, some ILO Declarations and SA 8000's specific requirements. If different provisions refer to the same issue, the strictest one will apply.

The certification consists of 8 main requirements:

- Child Labour
- Forced labour
- Health and Safety
- Freedom of Association & Right to Collective Bargaining
- Discrimination
- Disciplinary Practices
- Working Hours
- Remuneration

The standards prefigure also some representatives aiming at ensuring the respect of the requirements and charged of gathering all complaints about any possible inaccuracy in respect to standard's provisions.

Annex II

CODE OF SOCIAL ETHICS OF FONTECAL S.p.A.

PREFACE

Fontecal S.p.A. operates in the field of manufacturing and marketing wall-mounted, floor-mounted and condensing boilers for heating, heat exchangers, hoses and gas pipes.

The company has been operating since 1991 and has distinguished itself with its products both nationally and in Europe; its mission is to guarantee an adequate quality of life for its employees, a reliable product for its customers and contribute towards energy saving, reduction of pollutant emissions and technological development.

The top Management constantly pledges to fulfill this important moral commitment.

At the scope to administer the business processes, the organisation employed models of voluntary standards ISO 9001:2000, referring to quality management and ISO 14001:04 referring to environmental management.

The organisation decided to incorporate the principles of these two standards, integrating them into a corporate management system with the scope of improving the quality of its products, to implement the sustainability of the environment through reduction of environmental impacts, by understanding and satisfying the conditions required and expected by the client and, more generally, by the stakeholders.

The present Code of Ethics defines the social-ethical responsibility of every participant in the company organisation.

Fontecal bound itself to respect this behaviour code in all its internal and external actions and in the context this Code is a benchmark to which all stakeholders of Fontecal, and especially those who are called to manage it, must align their behaviour.

Ultimately, the present Code of Ethics represents an instrument to implement ethics within Fontecal, in the belief that ethics, in conducting business, are also a necessary condition of success in a context where even the ethical values can have a strong recognition.

Article 1 – objectives and values

Although the aims of Fontecal, for obvious reasons are profit making, it offers a development model based on ethically and socially high values.

The total compliance with the laws, the respect for people whose contribution to the value and a fair competition with competitors, combine with core values such as equality, democracy, equity, solidarity.

It therefore shuns the use of illegal or even incorrect behaviour, confident that the economic objectives are pursued exclusively with the excellence of performance in terms of quality and convenience of products, based both upon experience and innovation and looking after its clientele.

Fontecal protects and appreciates the human resources it avails itself of.

Fontecal employs its resources with a sense of responsibility, having set as its goal sustainable development, respect of the environment and of the rights of future generations.

Fontecal considers its own values:

- Cordial participation to business development;
- The human and professional growth for all;
- Respect of ethical standards;
- Creativity and innovation;
- The positive business climate.

Article 2 - principles

Fontecal cannot succeed unless the reciprocal trust of all those who give their daily input, sometimes even in the presence of partially contradictory interests.

Trust is founded on a shared mission, and together with it, the objectives and strategies, compliance by each of the values and provisions of this Code.

Everyone is therefore committed to its strict observance; since failure to comply with the rules of this Code is not compatible with work carried out by Fontecal, at any level and with its mission.

Reciprocal mutual respect follows suit, in the assigned role, leading to cooperation among actors, characterized by an overall friendliness in manner and language to conform to an attitude of good education that must reign inside and outside the enterprise.

Article 3 – human resources

Fontecal, whilst appreciating the centrality of its personnel, in the belief that the main factor of success of any company is constituted by the contribution of those who work in a framework of loyalty and mutual trust.

The development of human resources, respect for their autonomy, the incentive based on their participation in the decisions of the company, are fundamental principles to which Fontecal draws, through the provision of programmes and refresher training to enhance the specific professionalism and to preserve and develop the skills acquired during the collaboration.

Article 4 - honesty

Fontecal shall ensure that its representatives and employees are aware of the ethical significance of their actions, not pursuing personal or company profit at the expense of compliance with the applicable laws and standards set here.

In particular, it will avoid attributing illicit benefits to customers or suppliers and it will ensure that its representatives and collaborators, in their own name or on behalf of third parties, would not result in conflict of interests with the contracting parties.

Article 5 - transparency

Fontecal shall ensure that its representatives will portray the image of the enterprise with clarity, fairness and diligence in all its reports and shall facilitate the understanding of such issues.

For this reason it guarantees a more complete and transparent information regarding the guidelines of the social activities.

Article 6 - privacy

Fontecal shall ensure that its representatives and employees protect the confidentiality of personal data contained in databases as well as in the personal archives and will strive to observe all the requirements laid down by legislation on right to privacy.

The data collected will be processed by means of a detailed set of company forms managed exclusively by Fontecal for the specific purpose pertaining to the activity carried out.

Article 7 – impartiality

Fontecal shall ensure that its representatives and employees operate taking into account the concrete circumstances, without adopting discriminatory and opportunistic behaviour.

Fontecal undertakes for itself and its employees, that it will not assume any form of discrimination on grounds of race, religion, sex, age, political opinion and physical handicaps.

Article 8 – health & safety at workplaces

Fontecal shall ensure that its representatives and employees are taking all security measures offered by technological innovation and it is committed to ensure their physical integrity and moral personality.

Article 9- relations with trade unions

Fontecal, in order to better protect workers' rights and the growth of economic democracy, has pledged to promote good and continuous relationship with the unions and to protect the workers.

Article 10 - fair competition

Regarding competitors, Fontecal hopes to maintain the principles of fair competition.

Article 11 – monitoring and updating of the code

The present Code is revised annually and possible modification by the Board of Directors after hearing the opinion of the Board of Auditors can, in this respect, put forward proposals to the same organ.

TURKEY

2.1 A national overview on CSR issues

CSR definition in Turkey is different from international definitions. Private sectors define sponsorships concerning their own activity area as the most important corporate social activity. Enterprises want to increase their marketing by realizing these activities.

It is important that an international definition of CSR can be used and accepted by all sectors. This definition might be the definition of CSR adopted by the European Commission, in the framework of its above mentioned Communication on CSR (2002): “CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. The European Council makes a special appeal to companies' corporate sense of social responsibility regarding best practices on lifelong learning, work organisation, equal opportunities, social inclusion and sustainable development”.

This definition helps, *inter alia*, to emphasise that:

- CSR covers social and environmental issues;
- CSR is not or should not be separated from business strategy and operations, but it should favour an integration of social and environmental concerns into business strategy and operations;
- CSR is a voluntary concept.

An important aspect of CSR is how enterprises interact with their internal and external stakeholders (employees, customers, suppliers, investors, banks, non-governmental organisations, public authorities, civil society, etc.).

2.1.1 Economical Framework of Turkey

The economical development and industrialisation as well as liberalisation of money market have been lasting for 30 years. Turkey has worked in order to make its domestic market in line with the global one and has realized, at this scope, various economical reforms since the beginning of 1980's.

The changes of economical policies have been observed in the development of an export based industrialization model instead of import based one and in the reduction of public sector. The most important components of these reforms are: raising exports, free import legislations, increasing foreign capital investments, flexible exchange rate policy, privatization and unbalance of money market.

Exportation has increased in the years between 1980 and 2000. Total export increased ten times and the whole volume of export in the gross national product increased from 4.2% to 19.8%.

European Union is the first and also the most important trading partner of Turkey. It represents 51% of total import and 45% of total export. The exported products are industrial products instead of agricultural products. The new export products are iron, steel, glass ceramics, motor vehicle, TV, other electrical equipments and their spare parts in addition to textile and textile waste products.

In spite of these structural reforms, Turkish economy cannot be yet fully integrated into the international market and, for this reason, cannot receive a complete and satisfactory benefit. The main reasons of dissatisfaction are the short term of the adopted policies and the delay of reforms concerning public finance and public management.

2.1.2 Some historical information from the Ottoman Empire to Republic of Turkey

Development of CSR implementation in Turkey started during Ottoman Empire. The foundation concept of Ottoman Empire has formed the institutional mechanism of public services such as education, health and social security. Nowadays, many family holdings have a foundation in Turkey. In this context, expectations of society from enterprises are like traditional foundation philosophy, and so, Social Responsibility is understood as donation and charity but its effective impact cannot be calculated because the amount of these donation activities remains reserved.

Although Turkey has a traditional CSR approach, there was no suitable environment for long term planning and sustainable development because of various economical and social aspects. Because of these negative economic conditions, enterprises delayed significantly the implementation of socially responsible practices. After all, stable inflation and growth rate have been registered for 3 years and so this maybe represents a suitable environment for enterprises to realize CSR activities.

Social corporate or institutional social responsibilities activities within the Ottoman Empire were constructed by the foundations. Ottoman Empire basically based its corporation social responsibilities on the foundations.

In order to exercise a useful work for the public interest, sultans granted a land and founded mosque, cookhouse, sanctuaries for desolates and erected such trading house named “Küllüye” surrounding these complex of buildings

Vâkıf is the person who created the foundation “Vakıf”. First of all, founder of the foundation must dedicated means of grant a good. Beside, subjected person must also have the authority, freedom of mind and being adult are obligatory.

Mosques and Mescid’s must not be considered as to perform preying (Namaz). As it is well known, in the past, sanctuaries and schools (Medrese) were constituted as an inseparable whole. Therefore, medrese were built as art of foundation nearby the mosques but also medrese constructed separately had mescid’s within their complex. Beside there were alms houses, (İmaret Hane) library, hospital, hamam, a market place (Arasta), caravanserai, Clock Room (Muvakkithane), buildings, fountain, public fountain (sebil), and some other service buildings can also have a place within the complex (Küllüye) and giving services basing on the conditions determined by their foundation through the allocation of resources. This type of organized foundations were named as a service and social organization complexes within the form of Küllüye. Numerous examples of these complexes can be seen in almost all cities within the Ottoman Society.

Even if changes have occurred on their services, important part of Turkish foundation complexes (Küllüye) protected their existence for centuries over their aim.

Himaye-i Etfal Cemiyeti (Association for to protect Children’s)

Since the Ottoman Empire fought on many fronts both during the Balkans Wars and during the First World War, the Empire was obliged to deliver military troops to the front continuously and, as a result, the problem of the orphan children rose and increased day by day. At the end of the post – war land losses, mass emigration to Istanbul and to the other cities provoked family’s social and economic decline.

The growth of the orphan children’s problem pushed the public to find a solution but all these attempts remained inadequate. First performance made by the state was Darülhayr-I Ali. It is founded in 1903 for the regent year of the Adülhamit the II taking care of about 400 children.

During the Monarchy (Meşrutiyet) period Darüleytams were opened to solve children problem by the support of the İttihat ve Terakkî. However, after Darülhar – I – Ali and Darüleytams founded by the state were also closed because of insufficiency; so new researches begun to take care of orphan children and on 6th March 1333 (1917) a group was created by Ismail Canbulat, Muhtar Bey, Celal Dervis Bey, Osman Tevfik Bey, Kemal Derviş Bey, Adnan Bey, Servet Efendi, Nesim Mezalyah Efendi, Haralambadi Efendi, Doctor Rasim Ferid Bey, Mustafa Reşat bey, and Ahmed Bey. First meeting of the council of founders was held on 1st August 1333 (1917) and the institution gained the status of association Beneficial to The Public on 11th August 1917. “Hanımlar Heyeti” (Ladies Committee) was founded on 28th March 1918 within the Himaye-i Etfal Cemiyeti (Association of protection). The Association begun to work on the emblem just after gaining the status of Association beneficial to the Public and used emblem with a green crescent in a triangle written “Health, Ethic and enlightenment.

Activity field of the institution was resumed as follows in the Himaye-I Etfal Cemiyeti-i Umumiyesi Nizamname-i Esasi

Not maltreating children;

- Including their mothers and fathers, and not use them for activities can harm their physical and psychological status;
- Providing for treatment to the indigent and unwell children;
- Protecting children from substances such as tobacco and other ones that could provoke a dependency;
- Providing for the possibility to send indigent children to countryside and to summery;
- Not to maltreat servants, girl servants, and adopted children;
- Founding a library belonging to Himaye-i Etfal’e;
- Founding reformatories for children who cannot be educated by their parents or having been sentenced;
- Founding play grounds for the children to grow healthy;
- Building up connections with the international institutions engaged in Himaye-i Etfal.

Short time after the foundation of the institution President Ismail Canbulat Bey was assigned to Stockholm Embassy and Cavid Bey took over the presidency of the association. Together with the presidency of the Cavid Bey the activity gained speed and “Children’s House of Accommodation” opened on 28th November 1917 at Firuzağa for the children collected from the war areas while the First World War was continuing with its full violence and numerous children arrived to the House of Accommodation. So it began to host children as adoptee, apprenticeship and as students nearby the families. Between 1917 and 1922 2027 children received care and protection services by the House of Accommodation. Himaye-i Etfal Cemiyeti opened an “Agricultural House” at Kalender to orientate children towards farming and animal husbandry. In this house many subjects, such as making their own beds, cooking, washing their own laundry, general cleaning, keeping an animal, grooming, extracting straw and compost, cultivation, flailing, seeding implantation, pruning fruits, inseminating, butter making, were taught to the children. The Institution started its second work addressed to the health care of mothers and children. By opening “Dispensaries” at Şehzadebaşı, Kadıköy, Bakırköy, and later at Üsküdar, it began to examine ill and distribution of free of charge medicine. Institution generalized its services by opening Kırklareli Branch on 20th September 1920, Samsun Branch on 12th October 1917, İzmit Branch on 27th October 1917, Konya Branch on 1st January 1918, Üsküdar, Beyoğlu, Haliç, Kadıköy, Bakırköy, Branches in 1917 and Yeniköy Branch in 1918. Beside these branches Musul, Erzurum, Eskişehir, Kastamonu and Bolu Branches opened at various dates.

Himaye-i Etfal Cemiyeti sent representatives to London in 1920 and to Geneva in 1921 for the international meetings. They requested various aids from Egypt and India through written communication and received financial aids from these countries. On 30th June 1921 by the approach of some members of the Grand National Assembly a new Himaye-i Etfal Cemiyeti was founded while Istanbul Himaye-i Etfal Cemiyeti was carrying out its works.

Collection of aid by two different institutions having the same name rose suspicion within the public. In spite of some written communication time to time between İstanbul and Ankara Himaye-i Etfal Cemiyeti they never agreed on their point of view. Refet Pasha on 26th October 1922, coming from Ankara, visited House of Accommodation. Doctor Fuad Bey participated at the Administrative Board meeting of the association in İstanbul on 18th November 1922. In spite of these visits, any alliance between two institutions was signed. Following the victory of War of Independence Ankara Himaye-i Etfal Cemiyeti, thanks to Mustafa Kemal Atatürk’s support, organized within the country and maintained its services for mothers and children. During Republic era “Çocuk Esirgeme Kurumu” Society for the Protection of the Children took the place of these societies. High Inflation Fluctuations, unbalanced economic policies and lack of long term planning capacity did not give the possibility and ambience to have sustainable development form Ottoman Empire until today. Competition brought up by this negative ambience left the companies under the price pressure and this negative situation pushed these companies to delay their activity of public social responsibilities. In spite of all this negativity, observed stable inflation and growing rate created positive trends encouraging companies to focus once again over the social matters.

2.1.3 Corporate Social Responsibility Projects / Organisations coordinated by Government

Red Crescent “Kızılay”:

Red Crescent was born from the desire to help soldiers wounded or got ill on the battle fields of the war without making any discrimination.

Kızılay was founded on 11th June 1868 under the name “Ottoman Helping Society to the Wounded or Ill Soldiers” (Osmanlı Yaralı ve Hasta Askerlere Yardım Cemiyeti)

The society received all following names:

1877: “Osmanlı Hilali Ahmer” (“Ottoman Red Crescent Society”);

1923: “Türkiye Hilaliahmer Cemiyeti” (“Turkey Red Crescent Society”);

1935: “Türkiye Kızılay Cemiyeti” (“Turkish Society of Red Crescent”);

1947: “Türkiye Kızılay Derneği” (“Turkish Red Crescent Association”).

The name “KIZILAY” was given by ATATÜRK.

Logo of the Kızılay is a light Red Crescent on the white ground. However open face of the crescent is against the flag pole. Sign of the Kızılay according to the relevant adjudication of the International Law was accepted as a “protective and determining sign” for the services of the armed forces health services and for the persons and institutions determined by the relevant adjudications. No person, institution,

committee, except these institutions and persons, can not use this sign of neutrality and peace during the war.

Elapsed time from Ottoman – Russian War in 1876 to Cyprus Peace Operation in 1974 Kızılay with its mobile and fix hospitals erected behind the front lines, with its patient transportation services, its hospital ships equipped, its nurses trained and its volunteer nurses helped treatment of the thousands of Turkish soldiers together with the soldiers of its allied and enemy soldiers wounded or get ill on the war fields and made necessary humanitarian helps to the Turkish or Enemy prisoners of war, made efforts to take care and protection of the civil society affected by the wars. Since Great Cholera Epidemic has been seen in Istanbul just after the declaration of the First Monarchy (I. Meşrutiyet) Kızılay provided care, accommodation and nutrition of the victims of these natural disasters occurred in country, participated to the international help activities, lead services on the Nurse Training and Blood provision, and also provided necessary social help and services to many of our citizens in need of protection.

The main aim of the Kızılay is to prevent or, at least, to attenuate human sufferings, to protect life and health of the human beings, to provide for the respect of the human personality and to make all necessary efforts to bring continuous peace, mutual understanding, corporation and friendship among all human beings. Kızılay is the sign of peace and neutrality and humanity in the moments of war solidarity when needed, and equality in the moments of distress. Kızılay shares basic principles of the International” Kızılay” Red Crescent and Red Cross community. These basic principles are; Humanism, non discrimination principles, neutrality, independency, quality of charity institution, unity and universality. Kızılay is a volunteer and Social Service Institution working for public welfare, bound by the special law jurisdictions, non profit organization and its services are without any remuneration. Kızılay organization is organized with a Head Office and its Branches. All the duties except duties of the organization of the General Directorate are assigned by honorary ranks.

Yeşilay: Green Crescent

An organization born from the need of fighting against the use of drugs which became rapidly prevalent at the end of the First World War. In those days, sea ports of the country converted to extensive centers of the international drug trade and huge amount of drugs arrived from abroad to be sold all over the country trough the Mafia channel.

Alcohol and drug dependency turned to be an epidemic in a very short time.

Patriotic intellectuals seeing this catastrophe mobilized for warning public and youths and to fight against drugs by founding Green Crescent Association on 5 March 1920 in Istanbul.

This association was found by the world famous professor in Ordinary Dr Mazhar Osman and his friends under the protection and encouragement of the Şeyhül-İslâm (Official religious chief in the Ottoman Empire) Haydarzâde İbrahim Efendi. From the day of foundation until today Turkish Green Crescent Association continued to fight against the destructive habits with same believe and tenacity.

Green Crescent, performing its duty according to the 58th Article of Turkish Constitution to protect public and especially youth from the destructive habits, is recognized as an “Associations beneficial to the Public”.

Crescent in the Green Crescent symbol is taken from Turkish national Flag representing national identity and independency of the State. Green color on the crescent is representing composure and felicity. A dependant person can not be happy and also successful.

Futures of the nations are also children’s future. A Nation educates its children as much as impeccable and protects their health as much as possible, looking also to its forthcoming years with reliance. Every year 350.000 citizens loose their life because of cigarettes, alcohol and drug addiction. Because of these deaths and depressions brought by the alcohol, drugs and gambling thousands of families fail. Most of the Children of these families faced the danger coming out from the streets.

Protection of people against the destructive habits also means they are protected from the death and depressions and from the dispersion of their families. Green Crescent Society is made primary aim for itself to work to provide this

Federation of the Turkish National Associations Fighting Against the Tuberculosis

“Federation of the Turkish National Associations Fighting against the Tuberculosis” was founded in 1948 under the name of “National Association to Fight against the Tuberculosis”. In 1987 “Federation of the Associations Fighting against the Tuberculosis” leaved its place to “Federation of the Turkish National Associations fighting Against the Tuberculosis”.

2.1.4 Corporation Social Responsibilities recently in Turkey

Project Let's Girls to the School

This project, realized by the Ministry of National Education in cooperation with UNICEF aims at break the resistance of the families to send their girls to the school through social campaigns and cooperation, so that they can benefit effectively from the possibilities of education and gain great successes in a very short time.

At the end of this campaign 220.000 girls were sent to the school.

International Agreements

Turkey is part of many international agreements, both bilateral and multilateral. This is an important factor to increase awareness about CSR and related issues.

Non-Governmental Organisations (NGOs)

The legislation regarding associations and foundations has been adopted and put in line with the relevant EU legislation so changes and development process of NGOs have been accelerated and a more suitable environment for NGOs has been created.

Private and Individual Leadership

The donations of some beneficent businessmen (for example, Mr. Vehbi Koç, Mr. Sakıp Sabancı, Mr. Kadir Has, Mr. İzzet Baysal), such as hospitals, schools, universities, museums, are a support for social development. In recent years, it seems that many businessmen participate to activities to solve social problems. Associations founded by some businessmen and NGOs led by managers of enterprises are very important initiatives. According to these facts, classical beneficent approach has started to turn into social actor.

Stakeholders' Participation

Stakeholders' participation is limited to cooperation with NGOs and common projects. Generally, enterprises approach moderately to social and environmental subjects. However, the participation of employees to decision processes and the rights of employees should be developed.

Human rights refer not only to torture or right process but also to human rights in workplace (for example, the number of women employees and equity of gender), living in a clean environment, basic health services, basic education, earn enough salary to live. In this respect, enterprises can realize a lot of activities about human rights issues. 2008 is the 60th year of the signing of the World Human Right Agreement. Organisations and campaigns can be organised by enterprises and other institutions as corporate social responsibility projects.

Multinational enterprises

Multinational enterprises affect positively CSR projects in Turkey. These companies encourage their local branches and suppliers about CSR activities. Especially, supply chain issues in textile industry are an important factor to start applying international work standards. CSR, in the same time, is supported by international institutions and NGOs.

Institutional Governance and Finance Institutions

Turkish enterprises are generally family companies or individual companies. Therefore, the support of institutional investors and investor activism in Anglo-Saxon structure is not valid in conjuncture of Turkey. Another contribution comes from banks in Europe which cannot be defined as valid in Turkey's institutional governance because private banks are controlled and managed by the same family and individual companies.

The formal document concerning the implementation of CSR practices in Turkey is "The Principles of Institutional Governance", published by Capital Markets Board of Turkey that manages and audits money market.

The expectation from the principles of institutional governance will encourage reporting communication level of enterprises and their stakeholders. In this concept, the companies, which have a quota to stock exchange have been invited to explain their CSR policies and activities in a report.

2.2 The national legislation on employment and labour security

The main national legislation is 4857 Labour Law in Turkey. Some important articles of the Law concerning the legislation on employment and labour security are the following:

Objective and Scope

ARTICLE 1. - The objective of this Law is to regulate the rights and obligations regarding working conditions and work environment of employers and workers based on a labour contract. This Law applies to all businesses, other than the exceptions given in article 4, employers and employer representatives and workers of these businesses, regardless of their subjects of activity.

Businesses, employers, employer representatives and workers are bound by the provisions of this Law, notwithstanding the date of notification stated in article 3.

Obligation to employ handicapped, former convicts and terror sufferers

ARTICLE 30. - Employers are obliged to employ handicapped and former convicts in the ratios to be determined by the Council of Ministers to be effective as from the beginning of January every year and terror sufferers, who should be employed under paragraph (B) of 1st supplementary article of Law 3713 on Struggling Terrorism, in jobs appropriate for their professions and physical and psychological statuses at businesses with fifty or more workers. The total ratio of workers to be employed in this scope is six percent. However, the ratio to be established for the handicapped can not be less than half of the total ratio. The number of workers that any employer, having more than one business in the same province, has to employ in this scope is calculated based on the total number of workers.

The workers employed on indefinite-termed labour contract and definite-termed labour contract are taken as a basis in determining the number of workers to be employed in this scope. Those employed on part-time labour contract are converted to full-time employment through consideration of the work durations. Fractions up to half are neglected and half and more are rounded up to full figures in calculating the ratios. Priority is given to those who become handicapped, former convicts or terror sufferers while they are employed in the business. The employers provide the workers that they are obliged to employ through Turkish Employment Agency. The qualifications of workers to be employed in this scope, the jobs they can be employed for, their professional orientation through special studies, the obligation to be bound to the businesses besides general provisions and their admission by the employer with respect to profession are arranged through a regulation to be issued jointly by the Ministry of Justice and Ministry of Labour and Social Security. Handicapped workers can not be employed in underground and underwater works and the workers employed in underground and underwater works are not taken into consideration in determining the number of workers under the above provisions.

In case workers who were obliged to quit from a business because of disability and whose disability has been eliminated ask for reemployment in their former businesses, the employers are obliged to reemploy them on the current conditions immediately, if there is vacancy in their former jobs or similar jobs, or by preferring them over other applicants for the first vacancy to occur. If the employer does not fulfill the obligation of concluding a labour contract although the sought qualifications exists, he/she pays an indemnity equal to six months' wage to the former worker requesting reemployment.

Special provisions regarding services related with public security are reserved for employment of former convicts.

With respect to employers who employ handicapped, former convicts and terror sufferers over the ratios determined by the Council of Ministers, employers who employ handicapped exceeding the quota although they are not obliged to employ handicapped and former convicts or employers who employ handicapped who lost more than eighty percent of his/her labour power, such employers pay fifty percent of the employer's insurance premium that they should pay under Law 506 on Social Insurance and the Treasury pays the remaining fifty percent for each handicapped employed in this manner.

In cases of violation of this article, the fines to be collected under article 101 are registered as revenue in the special order of the budget of Turkish Employment Agency to be opened by the Ministry of Finance. The money collected in this account is transferred to Turkish Employment Agency for utilization in the professional training and professional rehabilitation of the handicapped and former convicts, the establishing of their own businesses and similar projects. The places and amounts of allocation of the collected money are decided by a committee under the coordination of Directorate General of Turkish Employment Agency, composed of one representative of Directorate General for Labour of Ministry of Labour and Social Security, Directorate General for Labour Health and Safety, Department of

Administration for the Handicapped, Directorate General for Prisons and Custodies of Ministry of Justice, Turkish Confederation for the Handicapped and superior organizations representing the highest numbers of workers and employers. The operating rules and procedures of this committee are arranged through a regulation issued by the Ministry of Labour and Social Security.

Age of employment, prohibition on employment of children

ARTICLE 71. - It is prohibited to employ children who are younger than fifteen years. However, those children who have completed the age of fourteen and primary education may be employed in light positions which do not obstruct their physical, mental and moral development and education.

Security, health, physical, mental and psychological development, personal inclination and capability aspects are considered in employment of children and young workers. Employment of the child may not obstruct him/her to attend his/her school, professional education and regularly trace the courses.

Those jobs which are prohibited for children and young workers under eighteen years as well as those which are prohibited for young workers who completed fifteen but not eighteen and the light jobs which are allowed for children of fourteen and with primary education, and the working conditions are established by a regulation to be prepared by the Ministry of Labour and Social Security within six months.

The working hours for children who completed their basic education and do not attend school may not be longer than seven hours a day and thirty five hours a week. However, that period may be increased up to eight hours a day and forty hours a week for children who completed the age of fifteen.

The working hours during the education term of the children attending school may be two hours a day and ten hours a week maximum, outside the education hours. The working hours for holiday terms may not exceed the periods set forth in the first paragraph above.

Obligations of employers and workers

ARTICLE 77. - The employers are obliged to take all measures and make available all equipment required to ensure health and safety at workplaces, and the workers have to comply with such measures.

The employers are obliged to check whether the measures taken for labour health and safety are complied with or not, to keep the workers informed of occupational risks they are exposed to, of measures to be taken, and of their legal rights and obligations, and to train them on issues relating to labour health and safety. The rules and procedures for such training are governed by a regulation to be issued by the Ministry of Labour and Social Security.

The employers are obliged to inform the respective regional directorate writing of any occupational accident that may occur and occupational diseases that may be determined in their enterprises, within at latest two business days.

The provisions set forth herein as well as in the statutes and regulations on labour health and safety also apply to apprentices and trainees in the enterprises.

Statutes and regulations on health and safety

ARTICLE 78. - The Ministry of Labour and Social Security issues statutes and regulations, after obtaining the opinion of the Ministry of Health, to enforce the implementation of measures for labour health and safety by enterprises, to prevent occupational accidents and diseases that may be caused by machinery, installations, equipment and materials used, and to arrange the working conditions of the persons that should be protected because of their age, sex and special conditions.

Furthermore, it is determined which enterprises among those hereunder are subject to permission before establishment, to be submitted to the Ministry of Labour and Social Security, and to operation certificates to be issued by the same authority after the establishment, in respect of number of employees, size, work performed, nature of the work, difficulty and risk of the work.

Workplace physician

ARTICLE 81. - Those employers who permanently employ at least fifty persons are obliged to employ one or more workplace physician(s) and establish a workplace health care unit depending on the number of employees and the degree of danger of the work performed to ensure good health conditions of the workers and to take health and safety measures, as well as to provide first aid, emergency therapy and protective health care services, in addition to the health care services provided by Social Insurance Organization.

Qualifications, number, recruitment, tasks, authorities and responsibilities, training, working hours, operation of workplace physicians, as well as the workplace health care units are governed by a regulation to be issued by the Ministry of Labour and Social Security based on the advice to be delivered by Association of Turkish Physicians.

Engineers or technical personnel in charge of labour safety

ARTICLE 82. - For enterprises which are hereby considered included in industrial sector, permanently employing at least fifty persons, where works are performed continuously for longer than six months, employers are obliged to employ one or more engineer(s) or technical personnel, depending on the number of employees, nature of the enterprise and degree of danger of the work performed, to take labour safety measures at workplace, to determine and monitor the implementation of the measures to be taken to prevent occupational accidents and occupational diseases.

Qualifications, number, tasks, authorities and responsibilities, as well as training, working conditions, procedures for operation of engineers or technical personnel in charge of labour safety are governed by a regulation to be issued by the Ministry of Labour and Social Security based on the advice to be delivered by the Union of Chambers of Turkish Engineers and Architects.

Rights of workers

ARTICLE 83. - The worker who faces close, urgent and vital hazard at workplace with risks for his/her health or his/her body integrity, may apply to the board on labour health and safety to discuss the situation and take decision to take necessary measures. The board urgently meets during the same day, takes the decision, and states the situation in a minute. The worker is informed of the decision in writing. In enterprises where the board on labour health and safety does not exist, application is lodged with the employer or employer representative. The worker may request fixation of the situation and the notification of the result to himself/herself in writing. The employer or his/her representative is obliged to respond in writing.

In case the board accepts the worker's request, the worker may avoid from working until necessary labour health and safety measures are taken.

The wage and other rights of the worker during the period which he/she avoids from working are reserved.

In case necessary measures are not taken notwithstanding the decision of the board on labour health and safety and the worker's request, the workers may, within six working days, promptly terminate their service contracts with limited or unlimited period in accordance with Article 24(I) hereof.

The provisions of this Article do not apply in case of suspension or closing of the enterprise according to Article 79 hereof.

Report for workers under age of eighteen

ARTICLE 87. - It is obligatory to have child and young workers between fourteen and eighteen (including eighteen) examined by workplace physician, labour health dispensaries, or where they are not available, in turn by physicians in the closest Social Insurance Organization, public healthcare clinics, local government or municipality prior to recruitment, to establish through reports that their physical structures are resistant to the qualifications and conditions of the work, to have them similarly examined by physicians every six months until filling the age of eighteen, to control whether there is any drawback to continue to employ them in the respective work and to keep all these reports at workplace and present them to authorized officials upon request. Social Insurance Organization may not avoid from carrying out the recruitment examination.

In case of objection to the report issued by physician mentioned in the first paragraph, the worker is subjected to examination by the health board of the closest Social Insurance Organization Hospital, and the report issued is final.

Such reports are exempted from stamp duties and any other fees and duties.

Regulation on pregnant or breast-feeding women

ARTICLE 88. - The positions in which and the periods during which it is prohibited to cause the pregnant or breast-feeding women to work, the requirements and procedures which such women should comply with in positions in which they are allowed to work, the conditions under which breast feeding rooms or day nurseries should be established, are governed by a regulation to be prepared by the Ministry of Labour and Social Security based on the advice to be delivered by the Ministry of Health.

2.3 The Association measures for a better understanding of CSR meanings

TOSYÖV is a non governmental and non profit organization in Turkey. TOSYÖV was established in 1989 in order to serve and support the Small and Medium Enterprises (SMEs). Its mission is to support country's free economical development and to help the spreading of free market practices into the society as a whole.

The Foundation targets public and private sectors and the managers of these organizations as well as specific entrepreneurs who are interested in the country's politics on economy. TOSYÖV's mission is to discover and detect SMEs problems and then try to find ways to solve them.

Another mission of TOSYÖV is to encourage Small and Medium Enterprises and many young entrepreneurs in order to increase the productivity and the level of competitiveness for a successful and healthy development.

Within its mission, TOSYÖV provides for information to the Parliament and to the political parties within the Parliament itself as well as the employment and official establishments by publications, broadcasting, seminars and conferences. The foundation also contributes to the research of social and economical issues and the problems that may be faced regarding these issues in order to find solutions.

There are 18 supporting associations of TOSYÖV in various cities of Turkey. The members of the foundation are professionals and the CEOs of the SMEs. These associations are a sample of voluntary activities of TOSYÖV.

TOSYÖV will develop some measures to help SMEs on CSR knowledge and adoption. These actions will aim at:

1. Emphasizing that CSR is an important means to reach the results of sustainable development and a more liable society.
2. Encouraging the leadership of businesses
3. Supporting the present institutions regarding CSR.
4. Supporting initiator role of public organisations about CSR issues.

Some projects related to CSR

a) Trainings for Development of SME: TOSYÖV organizes seminars, conferences, panels, trainings for the development of SMEs, increasing competitiveness, encouraging entrepreneurship with the cooperation of Konrad Adenauer Foundation. More than 70 seminars, trainings and conferences about various subjects concerning SMEs development are organised around Turkey.

Some of these training and seminars are relating to CSR subjects. For example;

- Social Responsibility and Young Entrepreneurship
- Job security and SMEs
- Individual Development Seminars
- CE marking in the Mechanical sector
- Human Resources Management in Enterprises
- Quality Management Systems
- Environmental Management Systems
- Basel 2 Criteria
- Six Sigma Methodology
- Project Management
- Computer Literacy for employees
- Supply Chain Management
- Customers Relationships
- Selling and Marketing

b) Project “Increasing Efficiency of SMEs in the Organised Industrial Zones”: This project was financed by European Commission. The main aim of the project was to guarantee the high level of employment in the SMEs and to create new employment opportunities for the unemployed people through training and consultancy services, which eventually increase the capacity, competitiveness and productivity of the SMEs.

The goals of the project are:

1. To make directors and owners of SMEs in Middle East Trade and Industry Center Organized Industrial Region (OSTİM OSB) become more conscious about the ways and techniques which will increase the productivity of their enterprises and to be opened to continuous development.
2. To make sure that the needs of current market labor force are addressed via training and consultancy services which are utilised by the employees in the SMEs in OSTİM OSB
3. To assure that sustainable employment is secured in SMEs in OSTİM OSB by increasing their sales and capacities.

The project was completed in 12 months and it has 5 work packages:

1. Coordination and formation of the project team
2. Selection of SMEs and preparation phases
3. Presentation of the Project and enlightenment of the directors of the SMEs.
4. Training and Consultancy
5. Dissemination of the results of the Project

In this projects, 20 enterprises with 10-50 employees had been chosen as target group. The experts of the project analysed the problems of the SMEs and prepared a training and consultancy programme to solve these problems. The subjects of the trainings and consultancy were:

- Employees Health, Labor Security and Social Responsibility
- Management Development in Family companies
- Quality management systems
- Team work, leadership and motivation
- Factory settlement, logistic and storage
- Work study
- Process management
- Quality costs
- Marketing
- Production Planning
- Financial Management
- Problem Solving Techniques

c) Project “Strengthening of Environmental Protection Reflex, Organisation and Preparation Study for Solid Waste Management System for the Region”: Long term aim of the project is to create environmental management system and waste minimization system for the region. Short term aim is increasing human resources capacity.

Project Output is “Environment Management Guidelines”. The content of this booklet concern

- The general structure of the region
- Basic Environmental Policy
- Solid Waste management plan
- Package waste management
- Dangerous waste management
- Harmfull chemicals management
- Excavation waste management
- Waste oil management
- Environmental Legislation
 - Comparison between EU Environmental Legislation and Turkish legislation about environment and evaluation report in respect to industrial enterprises.
 - Useful regulations which should be enforced until 2013
 - Environmental Permission System in Turkey

2.45 SMEs’ knowledge and application of the CSR issues

SMEs in Turkey have low knowledge and awareness regarding basic principles of CSR. In particular, in Turkey;

- SMEs’ awareness regarding environmental protection is not fully satisfactory.
- Participation level of SMEs to CSR projects is very low.
- SMEs do not know that one of CSR activity is investment in human resources.

- SMEs are not conscious that energy efficiency is a part of CSR issues.
- There is no experience of sharing platforms on Corporate Social Responsibility actions for SMEs.

To encourage CSR activities and the diffusion of socially responsible practices among SMEs, it could be useful to explain the advantages of CSR.

In particular, it should be put in light that the realization of CSR practices very useful in order:

- To increase trademark and market value of SMEs.
- To favour the employment of more qualified employees and to motivate and sustain employment.
- To develop institutional learning and innovative potentials
- To reach investors which are sensitive for CSR activities, in this way decreasing loan cost
- To produce important advantages for new market places and ensure customer trust
- To increase quality and efficiency
- To make risk management more effective.

SMEs should consider Corporate Social Responsibility as a whole with its different aspects in a genuine holistic approach. This one should include Institutional Citizenship, relationships with employees, voluntary, relationship with NGOs, media and customers and the growth of the level of the environmental responsibility.

SMEs should follow some basic steps to implement CSR activities and campaigns, such as:

- Determining work space for CSR activities.
- Defining a specific work plan
- Preparing Creative Brief
- Selecting the most adequate partners
- Analysing risks related to activity duration
- Setting up partnership
- Stating a corporate message
- Complete CSR activity/campaign
- Following the results of the activity and announcing them to public opinion.

2.4.1 Case studies

TOSYÖV completed an EU co-financed project regarding environmental management and published a guide about Environmental Management in 2007. The Guidebook has been distributed to SMEs participating to the related meetings.

A member of TOSYOV is Inoksan which is a manufacturing of Industrial Kitchens. This company established an academy, named Inoksan Academy to train some girls who are studying away from their parents. The students take courses about HACCP standards, food sector, preparing menu, first aid in kitchen and etc.

GOSB Technopark is a technology development centre which established a Children Art and Technology Studio.

1. ÖZMAK Makina ve Elektrik Sanayi A.Ş.

Company	ÖZMAK Makina ve Elektrik Sanayi A.Ş. (Ozmak Mechanical and Electrical Industrial Co. Inc.)						
Business sector	Steel Pipe and Machines						
Address	Haymana Yolu 5. Km Gölbaşı-ANKARA/TURKEY						
Telephone	+90 326 656 22 51						
Email address:	info@ozmakboru.com						
Web site:	www.ozmakboru.com						
Number of employees							
<i>Full time</i>	<i>111</i>	<i>Male</i>	<i>110</i>	<i>Female</i>	<i>1</i>	<i>Total</i>	<i>111</i>
<i>Part time</i>		<i>Male</i>		<i>Female</i>		<i>Total</i>	

Company and CSR processes presentation

OZMAK will provide competing quality, production and sales provisions in international and domestic markets.

OZMAK offers its products to markets with the aim of customer satisfaction making its brand and products known and trustworthy in Turkey and abroad and providing continuity of this trust.

Under this aim and with the participation of all its personnel, Ozmak Pipe will:

- Improve quality of all its processes, products and service;
- Carry out activities to regularly improve the effectiveness of quality system, closely follow progressing technology and use it;
- Motivate its workers by continuous training and effective communication and thus direct them to its quality policy and objectives;
- Protect the environment and ensure occupational healthy and safety of workers, improve company image and culture in accordance with total quality standards.

Ozmak Pipe has obtained the certifications Quality ISO 9001, Environmental ISO 14001 and Occupational Healthy Safety OHSAS 18001, API 5L PSL1 and PSL2 Monogram and TS EN 10217-1 Production Certificate.

What CSR represents for the company

OZMAK aims at maintaining health and welfare of its workers and members of surrounding communities. OZMAK will apply the international standards, related to Environmental, Occupational Health and Safety, keeping the efficiency and profitability of its works.

OZMAK will establish Environmental, Occupational Health and Safety Management Systems supplying the necessary tools to comply with the improving technologies and working conditions, will make them documented and will continuously improve these Management Systems.

OZMAK will operate in compliance with national regulations, related to Environmental, Occupational Health and Safety and requirements of customers applicable to its operations.

OZMAK will periodically review all its operations in order to control the efficiency and to provide continuous improvement of Environmental, Occupational Health and Safety Management Systems.

OZMAK will seek ways to optimize company efficiency and profitability through the minimization of wastes, emissions, water consumption, energy consumption, raw material consumption and occupational risks at workplace.

OZMAK will make its Environmental, Occupational Health and Safety Management Systems policy and aims open to all OZMAK employees, members of surrounding communities and other interested parties.

Individual responsibility	The Social Responsibility of OZMAK depends previously on an individual Responsibility
Responsible management of the company	To manage the enterprise, to maintain it profitable with respect to a sustainable growth. This is the first responsibility towards the employees, the community and the enterprise itself.

How the company implements CSR

The following chart describes how OZMAK implements CSR within the company.

INTERVENTION AREAS	ACTIVITIES	ACTIONS
HUMAN RESOURCES	Training	Training on machinery equipments and cranes in factory, safety and environment, technical issues. The company implements a procedure based on guides on tasks, evaluation tables, description of skills and expertise, analysis of needs, training projects.
PARTNERS	Protection of partners' rights, communication and accounting	Meetings among all partners, new statute, drafting of indicators and information to guarantee an equal involvement and communication among partners
CUSTOMERS	Market development, monitoring customers' satisfaction, promotion, privacy protection	Development of marketing actions. Management of privacy.
SUPPLIERS	Procedure for selecting suppliers, information and awareness on CSR	Program for monitoring suppliers; information and awareness activities; inspections
FINANCIAL PARTNER	Relations with banks and insurances within CSR framework	Verification on ethical codes; enhancement of dialogue
GOVERNMENT, LOCAL ENTITIES, PUBLIC ADMINISTRATION	Relations with public institutions within CSR framework	On time payment of taxes
CIVIL SOCIETY	Internet: Virtual communication and security management	Management of Web site; use of the web site for communicating with customers and suppliers; monitoring of access; web site positioning; sections focused on CSR
ENVIRONMENT	Management of consumptions, waste, water discharges, soil and air	Implementation of the provisions set by Environmental ISO 14001.
GOOD MANAGEMENT	Effectiveness development and	OZMAK's Top Management commitment is to maintain, develop, and continually improve the effectiveness of the quality management systems in line with the requirements of the ISO 9000:2000 standard and API spec. Q1. OZMAK's Top Management makes every effort to ensure that Quality Policy is communicated, understood and implemented at all levels in the company.

Annex I

2. EPTİM ELECTRIC CONSTRUCTION CONTRACT. LTD. COMP.

Company	EPTİM ELECTRIC CONSTRUCTION CONTRACT. LTD. COMP.						
Business sector	ELECTRIC / ELECTROMECHANIC PANEL PRODUCTION						
Address	21st Road 74/3 Str. No:4 OSTİM/ANKARA/TURKEY						
Telephone	+90 312 354 96 40						
Email address:	eptim@eptim.com.tr						
Web site:	www.eptim.com.tr						
Number of employees							
<i>Full time</i>	46	<i>Male</i>	41	<i>Female</i>	5	<i>Total</i>	46
<i>Part time</i>	7	<i>Male</i>	7	<i>Female</i>	0	<i>Total</i>	7

Company and CSR processes presentation

The Company considers the interests of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and the environment in all aspects of its activity.

The stakeholders of EPTİM ELECTRIC are:

- CUSTOMERS
- SUPPLIERS
- EMPLOYEES
- SHAREHOLDERS
- COMMUNITIES
- PARTNERS
- UNIONS
- FAMILIES
- NEIGHBOURS
- COMMUNITY
- COMPETITORS

EPTİM's Social Responsibility:

**From society to EPTİM

- limited responsibility
- justice of getting capital
- justice of production

**From EPTİM to society

- to create a standard of judgement
- best using of material&human capital

Basic Responsibility

- to obey the rules of market
 - using invoices
 - respecting the rules of job rivalry

What CSR represents for the company

THE MAIN TARGET: Company Esteem

- it is difficult to earn money
- esteem
 - loyal customers
 - to give to the purveyors the impression of being trustworthy
 - price
 - to get into debt

Individual responsibility	working hard & self progressing, to follow the technological progress
Responsible management of the company	To find the best solutions for customers' problems To provide a safety future for the employees by preparing a workspace To create examples which suit to the International Product Standard

How the company implements CSR

The implementation of socially responsible practices is realized thanks to several activities:

- By using the total quality management, it shall increase its capacity of positioning amongst the electromechanical panel production leaders.
- To provide a safety future for the employees by preparing a workspace.
- To be a company who can satisfy the customers' demands with alternative solutions in a short time.
- To create examples which suit to the International Product Standards
- By following the technological developments with a wide production to serve to the customers
- To enhance employees' education to progress themselves
- To work very hard to reach target
- To be a sensitive company on environment
- To find the best solutions for customers' problems

INTERVENTION AREAS	ACTIVITIES	ACTIONS
HUMAN RESOURCES	Training	Training on machines, equipments and cranes in factory, safety and environment, technical issues. The company implements a procedure based on guides on tasks, evaluation tables, description of skills and expertise, analysis of needs, training projects.
	Socialising activities	Fora in which all the workers meet themselves
	Employees	Providing a safety future for the employees by preparing a workspace and motivating them.
PARTNERS	Protection of partners' rights, communication and accounting	Meetings among all partners, new statute, drafting of indicators and information to guarantee an equal involvement and communication among partners
CUSTOMERS	Ensuring satisfaction customers	- finding the best solutions for customers' problems - following the technological developments with a wide production to serve the customers
GOVERNMENT, LOCAL ENTITIES, PUBLIC ADMINISTRATION	Located in a organized industrial zone	close relationship with other public and local entities in the OIZ.
CIVIL SOCIETY	Membership of related BROs	The company is member of OSTIM Businessman Association Owner of the company is the president of this Association and also member of some other BROs.
ENVIRONMENT	Being a sensitive company on environment	

3. İNOKSAN A.Ş.

Company	İnoksan A.Ş.						
Business sector	Production and Trade of Industrial Kitchen and Appliances						
Address	Yeni Yalova Yolu 6. km No. 415, 16250 Bursa/Turkey						
Telephone	+90 224 211 40 10 (6 lines)						
Email address:	inoksan@inoksan.com.tr						
Web site:	www.inoksan.com.tr						
Number of employees							
<i>Full time</i>	390	<i>Male</i>	344	<i>Female</i>	46	<i>Total</i>	390
<i>Part time</i>	-	<i>Male</i>	-	<i>Female</i>	-	<i>Total</i>	-

Company overview

İnoksan (founded in 1980) is one of the leaders in the industrial kitchen equipment sector in Turkey. Commencing production in Bursa, with updated technological facilities, and employing a work force of ~400 people, İnoksan has the capability of producing a variety of over 3,000 products, ranging from Working Tables & Shelving Systems to Complete Service Lines, from Service Carts to Industrial Cookers, and from Industrial Kitchen Appliances to Doner Kebab Machines. İnoksan also is the representative agent of many world renowned industrial kitchen and laundry equipment brands in Turkey. Behind its strong brand name, thanks to its rigorous marketing campaigns and various social and educational programmes (İnoksan Academy), the company is a standard setter in the market. Having successfully completed prestigious projects like the palace kitchen of Dubai's El-Maktum, the NATO SOS Children's Village in various countries, the Romanian Parliament and Turkmenistan State Palace, İnoksan also enjoys wide recognition outside national borders. İnoksan - as a responsible corporate - worked to generate for all its share and stakeholders the highest sustainable value possible. Some of its current licences and certifications are:

- CE mark, European Union
- TÜV Rheinland, Germany
- ISCIR, Romania
- GOST-R ISO 9001-2001, Russian Federation
- TSE / TSEK, Turkey
- ISO 9001:2000
- EFQM (Committed to Excellence)
- TS 18001 OHSAS, Turkey



What CSR represents for the company

Individual responsibility

CSR is based and build-up on the responsibility of individuals (associates, employees and external stakeholders).

Corporate responsibility

The company's goal is to extend the interests of its share- and stakeholders beyond economic criteria. It wants to reach a development in respect of a sustainable growth. This can only be achieved finding the right balance/harmony of the needs of the individuals, the corporate and the community.

How the company implements CSR

AREAS	ACTIVITIES	ACTIONS
HUMAN RESOURCES	Training	Based on various evaluations (and on request) the company regularly develops its human resources on: <ul style="list-style-type: none"> • Safety and technical issues • Quality issues • Management skills • Environment issues
	Equal Treatment	Recruiting of handicappeds (currently 11 people) and creation of equal opportunities.
	Internal Communications	Twice-weekly bulletins and quarterly published magazines for enhancing personal relationship and improving employees' satisfaction
	Social Events	Various social and cultural events for enhancing motivation: <ul style="list-style-type: none"> • Sport events: Inoksan Football Team, Company Tournaments • Cultural events: Music Group/Choir, Sightseeing's, etc.
PARTNERS	Open Communication	All partners are guaranteed to be equally treated
CUSTOMERS	Market Development and Customer Support	Know-how transfer to customers through various in-house education events
SUPPLIERS	Information and awareness on CSR	Information and awareness on CSR activities
FINANCIAL PARTNER	Relations within CSR framework	Awareness/Verification on ethical codes
GOVERNMENT, LOCAL ENTITIES, PUBLIC ADMINISTRATION	Relation with public institutions within CSR framework	On time payment of taxes, no parallel bookkeeping methods, strict fulfilment of legal obligations (e.g. workers rights)

CIVIL SOCIETY	Charity, direct participation and involvement	<ul style="list-style-type: none"> - Support to the establishment of a sectoral education system (assuring future qualified workforce and improving quality standards) in its business - Education support to young female students, who are studying away from home - Cooperation with food associations for securing the quality of food - Promotion of the ‘White Lilly’ project and the ‘Agenda 21’ of the Municipality of Bursa for a safer and cleaner (hygienic) environment - Cooperation with various local associations on charity and educational programmes
	Relations with media	External communication with sectoral and local media on a regular base
ENVIRONMENT	Conscious management of resources/consumptions	<ul style="list-style-type: none"> - Education of customers on eco-friendly use of the company’s products - R&D focus on eco-friendly products
GOOD MANAGEMENT	Research and Development	Collaboration (R&D) with local Uludağ University and strict registration of all patents

Annex I

OZMAK Mechanical and Electrical Co. Inc. is one of the organizations belonging to CEMIL OZGUR GROUP, which gave lots of contributions to the development of Turkey since 1946.

OzmaK Mechanical and Electrical Industry Co. Inc. was founded in 1974 and continues its activities in the facilities having 30.500 m² open and 30.000 m² closed area located at 5th km from the Gölbaşı - Haymana road. It manufactures machines and equipments such as breakers, concrete mixers, ready-made concrete plants, mobile mixers, stone breaking-electing-washing facilities, dampers and water-fuel tanks, dam equipments, steel constructions. After the decision of increasing the production capacity of dam pipes, steel pipes and profiles. The factory started production in November 2000, after completing the tests and performance benchmarks successfully.

OZMAK PIPE, which uses environment-friendly advanced technology in production, aims at exporting its high quality products in addition to selling them in the country.

Slitting Facility and Longitudinal Welded Pipe Production and Galvanizing Factory

Longitudinal welded steel pipes having 9 different sized diameters (from 1/2" to 4"), and also 29 different sized (from 15x15 mm to 120x60 mm) square or rectangular steel profiles - either black and/or galvanized- can be manufactured in the longitudinal welded pipe production and galvanizing factory, which is equipped with the state-of-the-art technology. Having an annual production capacity of 50.000 tons and with its pickling lined galvanizing facility which is the first implementation in the world, it offers both superior quality and a working environment being environment-friendly and safe for human health. By implementing an advanced quality management system and program, the water pipes, industrial pipes (TS 301-1/2/3/4, DIN 2440, DIN 2441, BS 1387 (Light, Medium, Heavy), ISO 65 (Light 1-Light 2, Medium, Heavy), NFA 49145 (Light, Medium, Heavy) and UNI 8863 standards-compliant) and square and rectangular profile products (TS 6475 – 5317, EN 10305-5, DIN 2395 ½, BS 6363, ASTM A500 and EN 10219 1-1 standards-compliant) are used in construction business, building constructions, automotive industry, machine and agriculture equipment manufacturing.

Spiral Welded-Seam Pipe Factory

The capacity of the factory, which started production of spiral welded pipes having diameters from 219.1 mm (8") up to 3048 mm (120") in June 2001, is 120.000 ton/year. In addition to drinking water pipes, petroleum and natural gas pipes, various pipes that comply with the demands of customers would be manufactured. The manufactured pipes can be coated as required.

In ÖzmaK Boru, the production, raw materials input, construction, product, output/sales processes, material monitoring, production control and planning phases are controlled and recorded by computer systems. An error-free pipe production is realized by applying advanced quality management system and program. The pipes produced in the facilities that are designed to be environment-friendly are high quality products and they don't harm the environment too.

OzmaK Pipe has the Quality ISO 9001, Environmental ISO 14001 and Occupational Healthy Safety OHSAS 18001, API 5L PSL1 and PSL2 Monogram and TS EN 10217-1 Production Certificate. The **OzmaK Pipe's** web Site is **www.ozmakboru.com**

BULGARIA

2.1 A national overview on CSR issues

Corporate social responsibility is seen as a newer concept which did not become part of corporate practice until the second half of the 20th century. It has been defined in many different ways which can be summed up in two key definitions given by the European Commission and the World Bank.

The European Commission defines CSR as “A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”.

According to the World Bank “Corporate social responsibility is the commitment of business to contribute to sustainable economic development by working with employees, their families, the local community and society at large to improve their lives in ways that are good for business and for development”. CSR is seen not as a one-off act but as a sustainable process which helps to balance the three pillars of sustainable development – economic growth, development of society and protection of the environment, in accordance with the so-called tripartite approach.

The Bulgarian language and business practice make use of the following terms borrowed from English-language literature and existing European practice

- Corporate Social Responsibility
- Responsible Entrepreneurship /Corporate Social Responsibility for SME
- Responsible Business
- Corporate Social Involvement
- Responsible Business Conduct

A careful study of the use of the notion and the presentation of existing practices conforming to CSR reveals several misconceptions. One of them is how business operators perceive CSR: according to these, it means compliance with the requirements of legislation, such as working conditions, secure employment relations, etc. In this view, to be responsible is to abide by the law. There is no doubt that this view is the result of the long period of legal and institutional uncertainty and a more lenient attitude to company responsibilities. Another misconception is that CSR is an informal and general interest in the welfare of workers. In this view, anything exceeding – even slightly – the legal requirements is automatically treated as CSR. For example, a company which offers free transport may consider it as a policy of CSR. Thirdly, CSR is seen as a one-dimensional concept. For most companies the content of the concept is mainly limited to the social aspect. Very few of them understand it is a complex, multi-dimensional business strategy which requires a management system, indicators, institutional changes, etc. Measuring results is not seen in this context and there is no feeling that it requires a system of clear indicators subjected to external and independent assurance. Companies often confirm that they engage in CSR because of the increasing good reputation which this behaviour brings. One explanation is the very visible efforts of some stakeholders to promote socially responsible practices. Another explanation is that this is a defensive mechanism used by the management of companies which do not wish to be seen as not having such a policy, element or mechanism. Most of the projects and initiatives implemented so far were initiated by international organizations, business associations and non-governmental organisations. The corporate social responsibility is becoming the topic and focus of a growing number of projects, initiatives, training events, public lectures, conferences and other forms of disseminating information and exchanging experiences and good practices. Some of the initiatives in this area in 2007 aimed at developing training to implement CSR and integrate it into the business strategies of companies and also to introduce socially responsible standards.

The stakeholders in Bulgaria are a diverse group which is constantly expanding. Some of them focus on establishing and strengthening CSR dialogue. Others are more interested in developing training and promotional activities while a third group is trying to advance the CSR agenda by means of funding.

The UN Global Compact in Bulgaria was launched in January 2003. It brings together on a voluntary basis more than 130 companies and organizations which accept the principles of corporate social responsibility in Bulgaria. The World Bank recognised the importance of CSR issues and in 2005

published a study on the status of CSR in Bulgaria, Croatia and Romania, being one of the first in the region.

The Global Compact is one of the most relevant initiative in the field of CSR and enjoys a substantial international legitimacy. Its activities are well promoted. As an entity with a clear mandate and strong public reputation it remains one of the most important channels for promoting CSR.

In the process of disseminating CSR the government institutions can play an important role by creating a favourable environment for the promotion of socially-responsible business practices and also for a more active stance of citizens and consumers. This goal could be achieved also through the provision, by the Governments, of measures implying business incentives in favour of the enterprises, for the realization of CSR practices.

At the moment, none of the countries included in the project “Accelerating CSR practices in the New Europe”, Bulgaria included, has a single governmental body responsible for formulating and implementing a CSR policy. There is rather a wide range of administrative departments which follow the topic and ensure its limited integration in policies.

The Ministry of Labour and Social Policy supports the activities for disseminating information about CSR and implementing the existing initiatives. The Ministry participated in the organisation of a competition consisting in an annual award directed to the enterprises which show their compliance with some specific social and environmental standards. The Ministry of the Economy and Energy is involved in the formulation or implementation of measures and policies to encourage CSR at a national and sectoral level. The Ministry of Education and Science could play a more active role in disseminating specialised knowledge and integrating CSR training in the curriculum of secondary professional schools. The Ministry of the Environment and Waters has been working to introduce and promote the European Environment Management and Audit Scheme (EMAS), provided for by the Regulation (EC) No 761/2001 of the European Parliament and of the Council of 19 March 2001. The Ministry of Agriculture and Forests is involved in encouraging organic farming and the maintenance of standards in agricultural production, among other activities. The Ministry of Public Administration and Administrative Reform works on transparency and accountability in the public sector. It is the managing body of the Operational Programme Administrative Capacity. Similarly to other new Member States of the European Union, some of the priorities of the programme could conceivably be used in future to fund projects and initiatives aiming at raising the capacity of public bodies in the field of CSR.

The number of ISO 9001 certified companies in Bulgaria is 3121, and of ISO 14001 (environmental management system) in September 2007 is 117. A certificate of compliance with OHSAS 18001, the international occupational health and safety management system specification, has been awarded to 107 companies.



(TRANSLATION OF TEXT IN GRAPH – “Number of management certificates in Bulgaria, 2007)

In addition to international standards and certificates, the Bulgarian companies are developing their own national codes for voluntary adoption of CSR-related principles and rules in their work. The most widespread are the codes of ethics which are tailored to the specificity of the sector and concern for the general public interest.

One could say that there is a tendency for Bulgarian companies to translate their interest in modern corporate social responsibility into focused and planned activities. This tendency is manifested in many ways and affects the aspects of social responsibility to a different degree and a different level of maturity.

Business operators are showing an increasing interest in the topic; they seek to present their practices and compare them with those of other subjects. For this purpose, active business associations are beginning to include the CSR topics in their agenda. Even though the CSR practices are isolated there is a tendency for them to become an activity integrating all aspects of business strategy.

The general situation concerning the attitude of business towards CSR can be described as a growing realisation of the need to introduce similar policies among many companies interested in obtaining an official certificate for an international standard. Official CSR policies exist primarily in the big companies. Also CSR is emerging in the mining, chemical and pharmaceutical industries. The study did not come upon examples of CSR in the light industry, insurance and agriculture. A very small number of companies in the services, financial and manufacturing sectors is displaying positive tendencies.

CSR in Bulgaria is often seen as a purely internal activity, such as offering employees benefits and good working conditions, and not as an outward-looking policy requiring totally new management systems and institutional efforts. This attitude is a relevant obstacle because companies show a preference to limit CSR-related activities to their internal organisation and context.

Thus the most important basic constraint is not just the lack of sufficient resources for a comprehensive CSR policy, but the lack of sufficient time, resources, awareness and expertise to develop socially-responsible activities.

The Bulgarian experience shows that attention to CSR is distributed unevenly among the different components. The majority of companies identify the social aspects as deserving the most attention. This is true for all sectors and sizes of companies. At the same time attention to the environmental aspects is stable. This, however, is true primarily for the mining industry and manufacturing and is almost entirely absent in the others.

In practice many companies have not had the time to develop and consolidate their marketing strategies and market presence. This is a general observation but it is very relevant for CSR. The lack of sufficient financial resources is the most frequent cause of the absence of CSR practices. Undoubtedly mature companies which operate in a mature environment are more able to integrate CSR in their business strategies.

Corporate social responsibility has different dimensions. Bulgarian companies are developing CSR practices in the following four fields:

- A well-organized and equipped working place makes the business of members successful by creating appropriate working conditions for the employees and thus giving them a possibility to express their potential and motivation in order the business to be a successful one.
- For members the market is the second field where the social responsibility can be expressed. This expression is connected with production of goods and services that are of a good quality and respond to the clients' needs satisfying their business and personal interests.
- Environment is the third field where the company implements the socially responsible principles of work. Carrying out the respective business activities in a way that protects and cares for the environment and integrating these principles in the entire work is an important precondition for a successful business.
- The fourth field of work concerning the social responsibility is the community in which the company operates. Investment in the employees' working time, expertise and resources in order economic opportunities to be given and the living standard of the people in the community to be improved, as well as encouraging good will on behalf of the population in the community where the business carries out operations, is an important part of the business' work in achieving a social welfare. Investments in the social and economic development of the community might be many and different - ranging from donating funds for a certain cause (corporate philanthropy) through creating of volunteer programs for its employees to implementation of long-term local development programs joining all the above mentioned initiatives.

The actions for implementation of the fourth social responsibility field are however connected with investing many resources not only in activities for implementation of the social responsibility policy in the

respective field, but also in development of knowledge and skills in the organization itself needed for the policy's implementation.

The investments in the community in which the socially responsible business carries out operations demand knowledge about the social change and the way it has to be implemented (evaluation of the needs, definition of the idea, setting the goals, access to the beneficiaries etc.) so that it can reach a maximum result, how all the aspects of the social development have to be taken into consideration etc. Companies can work on their own in the four fields of the social responsibility, including the field of responsibility to the society. Of course there is another way of working in the field. It is connected with partnership with experts in the field – the non-governmental organizations. More and more companies that have faced the difficulty to implement on their own socially responsible programs in certain communities ask their “natural” partners for partnership – the non-governmental organizations. During the last years examples from Bulgaria could be given by the partnership between companies – members of CEIBG and non-governmental organizations

- First Investment Bank and Workshop for Civic Initiatives Foundation,
- Globul and “Generous heart” foundation,
- Overgas and “Young Bulgaria” foundation,
- “Kamburov and partners” and the “St. Stephen” foundation.

During the last several years the interest towards Corporate Social Responsibility in Bulgaria has considerably increased. The Bulgarian business starts to pay more attention to the ecological and social aspects in the companies' management. There is enough evidence worldwide that companies which have engaged themselves with the corporate social responsibility principles are among the most successful ones, in view of the fact that corporate social responsibility is a competitive advantage in the process of globalizing of the companies' activities.

2.2 The national legislation on employment and labor security

Bulgaria joined the EU on the 1st of January 2007. Its economy is at present strongly performing signs of overheating with a high and growing external deficit, growing labour shortages, strong wage growth and rapid increases in credit growth which have fuelled inflationary pressures.

Bulgaria's GDP growth rate has averaged around 4% over the last ten years, accelerating to above 6% per year since 2004. The employment rate increased from 49.7% in 2001 to 61.6% in 2007. The unemployment rate fell to 7.06 % in August 2007. The labour market has tightened since 2006, triggering an acceleration of wage growth to around 20% in the first three quarters of 2007.

Bulgaria is facing increased labour shortages as a result of fast growth, strong job creation, outward migration and insufficient skill levels in specific sectors. Nonetheless, employment rates remain low and structural unemployment relatively high so that there is, in principle, still a large source of untapped labour. Against this backdrop, activating the labour supply along with improving the adaptability of workers and the access to and quality of education and training are rightly addressed as main priorities in the National Reform Programme /NRP/ .

Labour market policies currently focus on activating vulnerable groups and increasing literacy among low-skilled persons. Notwithstanding some initial measures, there have been limited progress to reform the design and scope of active labour market policies as employment programmes tend to create predominantly subsidized low-skilled jobs providing little opportunity to increase workers' employability through training. Further efforts are needed to assess, analyze and improve the effectiveness, efficiency and adequacy of active policies. More sustainable and integrated policies are necessary to encourage people to participate in the labour market and remain in employment through further opportunities for vocational training and through more far-reaching youth employment policies facilitating school-to-work transition, with special attention to Roma. Strengthening the capacity of labour market institutions to implement policies and adequately deliver employment services should also become a high priority area.

Bulgaria faces major challenges with respect to the financial efficiency and the quality of education system. Further steps should be taken to reform education and training systems to ensure correspondence between skills supplied and labour market needs. A comprehensive and coherent life-long learning strategy should be adopted and implemented to increase participation levels while encouraging employers to invest in training.

Adopting legislative amendments are first steps towards introducing a flexicurity approach in Bulgaria. The social partners have been involved in all policy areas, particularly in life-long learning.

The main objective of the labour market policy in Bulgaria, according to government's programme, is to ensure a properly functioning labour market, which guarantees a higher rate of employment of the working age population.

In 2003 The Government adopted the *Employment Strategy for the period 2004 – 2010*: The actions and the priorities have been determined in a medium-term perspective for the period 2004 to the beginning of 2007 (with reference to Bulgaria's accession to the EU) and in long-term perspective until 2010 (with reference to the European Employment Strategy). The vision of the Strategy includes conditions and opportunities ensuring freely elected and productive employment to every person at working age.

Employment rate increase and unemployment rate decline have been fixed as a main objective of the development in medium-term perspective, within the period 2004 to the beginning of 2007. The increase of population's economic activity and labour potential have been identified as a long-term objective of the Employment Strategy until 2010.

The government employment policy of the Republic of Bulgaria is determined by the Council of Ministers.

The Ministry of Labour and Social Policy designs, implements and coordinates the government policy in the area of employment and vocational training of unemployed and employed.

The Employment Agency implements the government labour market policy. The National Employment Service (Employment Agency) was established in 1989 and has been enhancing its capacity constantly through the technical assistance of the EU member countries.

The government implements the employment policy in cooperation and coordination with the nationally represented employer organizations and trade unions, as well as with representatives of other non-profit legal entities. This allows the partners to influence the decision making process in the labour market area.

A major principle in the labour market policy design and implementation is partnership among the institutions, social partners and non-government organizations. In this relation there are a number of tripartite bodies acting on a national level that are regulated by the Employment Promotion Act, including:

National Tripartite Council – with its permanent committees on: income and standard of living; social impact of the restructuring, privatization and the budget policy.

National Employment Promotion Council under the Minister of Labour and Social Policy – a permanent consultative body for cooperation and consultations in the process of designing the employment policies. The Council discusses and comes out with positions on the design and implementation of employment policies as well as on the National Employment Action Plan. It proposes to the Ministry of Labour and Social Policy the development of draft regulatory acts, measures and programs for promoting employment.

Council to the Executive Director of the Employment Agency – a tripartite consultative body advising the Executive Director in the decision-making process and monitoring the Employment Agency's activities related to implementation of the employment promotion policy, discussing the main trends, the plan and report of the operations of the Employment Agency, discussing the effective implementation of programs and measures.

Permanent and Interim Employment Committees under the District Council for Regional Development - with the purpose of implementing the provisions of art. 9 of the Employment Promotion Act through the participation of the district administrations, the local government bodies, regional offices of the ministries, organizations and the social partners. These Committees determine, organize and control the implementation of the government policy on employment and vocational training on a regional level.

Tripartite Cooperation Councils under the regional offices of the Employment Agency - they monitor the implementation of programs and measures, exert control for compliance with the provisions for the selection of the respective programs and measures; discuss which of the programs and measures should get priority funding.

National Consultative Council on Vocational Training of the Workforce and a Consultative Committee on Equal Opportunities for Men and Women and for the Vulnerable Groups on the Labour Market are established under the Minister of Labour and Social Policy.

The Employment Agency and its regional offices are the bodies responsible for ensuring the quality of services for the job seekers.

Basic document for the development of the Employment Strategy in Bulgaria is the European Employment Strategy (EES)²⁴ that sets the need for growth and a macroeconomic policy oriented towards sustainability and structural reforms for improving the potential for economic growth in Europe.

The objective of the employment strategy of Bulgaria is formulated on the basis of the three main goals of the EES: full employment, quality and good performance of work, cohesive and inclusive labour market.

The actions in the employment strategy are determined in accordance with the ten new dimensions of the EES as follows:

- Job creation and entrepreneurship;
- Promoting labour market adaptability and mobility;
- Promoting the human resource development and life-long learning;
- Increasing job creation and promoting active ageing;
- Gender equality;
- Promoting integration and fighting labour market discrimination against disadvantaged people;
- Making work more attractive and making work pay;
- Transforming undeclared labour into formal employment;
- Actions to reduce the regional differences in employment;
- Active and preventive measures for the unemployed and persons who are outside the labour force.

Until 2010 the development of the EU countries should ensure:

- 70% employment rate;
- Employment rate for women at 60% in 2010 and employment rate among older workers (aged 55 – 64) – 50% for 2010.
- Provision of new standards to the unemployed young people before 6 months of unemployment elapse, and for the older – within 12 months. The new standards are in the form of vocational training and retraining, internship, employment or another employment measure that is combined, if possible, with assistance for seeking job;
- More than 10 percent participation of the population aged 25-64 in different forms of life-long learning;
- Reduction of school drop-outs to less than 10 %;

The planned goals and activities in the Employment Strategy are in compliance with the Global Employment Strategy developed by the ILO as follows:

- Turning employment into a core issue for each economic and social policy;
- Taking into consideration the enhancement of workforce performance especially of the working poor people;
- Providing resources and new investments in ensuring social sustainability, good industrial relations and compliance with the major work standards.
- Promoting the creation of jobs with fair labour conditions as a factor for increasing performance;
- Promoting entrepreneurship and private investments;
- Promoting adaptability and employability;
- Overcoming labour force discrimination;
- Developing a new macro-economic framework for employment promotion.

Overall, Bulgaria has made some initial progress in the employment policy field. However, despite the current trend of falling unemployment, Bulgaria needs to take a more integrated and better-sequenced approach to increase activity and employment in the formal economy for all; ensure correspondence between skills and labour market needs; and raise the skills of the labour force.

2.3 The Association measures for a better understanding of CSR meanings

CEIBG is one of the national partners of the United Nations Development Programme (UNDP) – Bulgaria on the fulfillment of the project “Encouraging of practices for corporate social responsibility in the new EU member states and in the acceding countries”. CEIBG members participated in the regional

conference “Corporate social responsibility in new Europe – challenges and solutions”, which was held in Brussels in June 2007.

CEIBG actively participates in all initiatives and activities for the application of the principles of the Global Compact in Bulgaria. CEIBG has been one of the most important participants in the project “Cooperation and partnership on applying the Global Compact in Bulgaria”. Members of the organization participated in the traveling seminar and in the Meeting for founding and development of the Bulgarian national network of the Global Compact, which took place in 2006.

CEIBG has been also among the main co-organizers of the “Global Compact+3 Forum”, as well as it took part in the making and adopting of the standpoint against corruption, regarding the tenth principle of the Global Compact.

CEIBG communicates regularly and periodically with its members - branch associations, regional structures and many enterprises which have already implemented the best practices in the relevant sector of their activity. Most of them participated in National Round tables for implementation of the social standards in Bulgarian enterprises. During the conferences the awards “Social responsible enterprise of the year” were presented by the Minister of labour and social policy. Two of the enterprises winners are CEIBG’s members.

As a leading employer and social organization in the country, the Confederation of the Employers and Industrialists in Bulgaria realizes its role for the steady growth of the Bulgarian economy. The CEIBG member companies share the great importance of the moral principles and values in their daily business activities and share the moral engagement to encourage the socially responsible business that is of public benefit.

CEIBG circulates among its members a Code for business ethics and corporate responsibility. Every new member is obliged to sign and keep the terms of the Code as a condition to CEIBG membership.

2.4 SMEs’ knowledge and application of the CSR issues

The Corporate social responsibility is a priority of social policy in Bulgaria. The focusing on good practices as an example is an important resource for disseminating CSR knowledge and application. Promoting examples of CSR in the Bulgarian economy by means of public events will affect the level of perception and awareness. Corporate social achievements are due to more social commitment, to an increase in productivity and competitiveness, to a higher efficiency and motivation of employees and their competencies as well as to sustainable growth. CSR evolves a new kind of relationship between the social partners: trade unions, employers and employees. This policy is successful in both social and economic aspect.

The national award for socially responsible companies is an annual competition, held by the National Round Table for Implementation of Social Standards together with the Ministry of Labour and Social Policy and the Agency for Small and Medium Enterprises. The award is bestowed on micro and small, on medium and on large enterprises.

This national award aims at helping Bulgarian business operators to implement the national social legislation; it attracts a broad range of companies implementing the international corporate requirements and social responsibility standards.

The competition is open for all corporate bodies operating in Bulgaria. The participation criteria are: observation of the Bulgarian legislation, related to national social standards of production and environmental protection; the belonging to the economic branches for this competition.

The participation is on a voluntary basis. The applicants can fill in a questionnaire, made by the National Round Table for Implementation of Social Standards.

The award consists of a certificate “Socially responsible company of the year”. The national institutions committed to the ideas of the award as well as the international organizations populizing the CSR concept provide participating companies with the opportunity of additional bonuses, such as free attendance of trade fairs or economic forums.

The National round Table for the Implementation of Social Standards is a partner of the Ministry of Labour and Social Policy and of the Agency for small and medium enterprises.

The first awards have been given in 2006 to participants from the textile sector. In the three categories, awards went to: Velbajd AD Kjustendil, Artex Ad – Ardino, and Vutex EOOD Pleven. The National Round Table for Implementation of Social Standards in Bulgaria stimulates and assists companies from the textile and dressmaking sectors as well as spread out of its activities into other branches of the

Bulgarian economy. It involves representatives of the employers' organisations, the trade unions, the national institutions and agencies, the nongovernmental sector.

In 2007 the awards have been given to companies from the textile industry at the National conference organized by the Bulgarian Labour and Social Policy Institute and dedicated to observing the social standards in Bulgarian enterprises. The winners in the categories large, small and medium enterprises are "Maneva – Tomik Sie" from the Municipality of Pleven, "Vitamod " from the Municipality of Lukovit and "Moda e Moda service" from the Municipality of Pazarjik.

There are several good examples of companies operating on the Bulgarian market which make coherent and well-planned efforts to integrate CSR in their business practices.

Similar practices can be found in the mining sector and, to a certain extent, in the chemical and pharmaceutical industries.

2.4.1 Case studies

1. KAOLIN JSC

Company	KAOLIN						
Business sector	MINING INDUSTRY						
Address	8 Dubrava Str. Senovo, Rouse						
Telephone	+ 3259 084 / 612 500; 612 501						
Email address:	office@kaolin.bg						
Web site:	www.kaolin.bg						
Number of employees							
<i>Full time</i>		<i>Male</i>		<i>Female</i>		<i>Total</i>	1058
<i>Part time</i>		<i>Male</i>		<i>Female</i>		<i>Total</i>	

Company and CSR processes presentation

The company displays many of the elements of an integrated and well-developed CSR policy. This is a big Bulgarian-owned company with a declared policy in CSR in two dimensions: environmental and social.

The "social part" consists in looking beyond the welfare of workers and is committed to different causes, such as support for orphanages, and donations of sand for flood-stricken communities in the country.

Thanks to this attitude, the company received its ISO 14001 certificate and has been certified for a quality management system.

What CSR represents for the company

Individual responsibility	<p>According to the set up SCR strategy of the company, SCR activities in all fields are to stimulate the individual responsibility of the company's workers, employees, managers and corporate Board members. All CSR activities and actions involving company's workers and employees have been completely voluntary and at the same time attended by representatives of all divisions of the company.</p> <p>Company's employees have participated in all projects and initiatives such as „Let's make Kaolin cleaner", preparation of study materials and teaching special subjects to the students in in BHS „Vassil Levski" – the town of Vetovo and many others which subsequently lead to their personal initiatives in different SCR fields.</p> <p>Upon fulfillment of its CSR activities and projects, Kaolin relies also on attracted external associates, which in close cooperation with the managers of the Company realize the respective corporate events in the sphere of</p>
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	adoption of the good corporate governance practices, a socially responsible corporate policy, ecology and human resources.
Responsible management of the company	<p>The responsible management of the company is shown up in all aspects of its core business and management activities. It includes adoption of quality certificates for all internal management systems, such as Quality Management System ISO 9001:2000, Environmental Management System under the international standard ISO 14001:2004, Occupational health and safety management system, elaborated in compliance with OHSAS 18001 standards as well as responsible treatment of all workers and employees and sustainable mutually beneficial relations with all company's stakeholders.</p> <p>The Company's SCR strategy is being set up and regularly reconsidered and updated on an annual basis in conformity with the opinion of the management of the Company, taking into consideration also the proposals made on behalf of the stakeholders, the findings and the proposals made in the reports of the employees of Kaolin, which lead any of the directions included in the CSR Strategy.</p>

How the company implements CSR

The CSR Strategy of Kaolin was developed based on the understanding that the good corporate governance is an approach that unites the achievement of the maximum economic results with the optimization of the management risk which final objective is reaching a sustainable development of the Company, the local community and the society as a whole. The main principles included in the CSR policy of the Company are:

- Responsibility to the community where we live and perform our activity
- Support for the local communities where we develop our activity
- Support upon crisis situations – charter by the Ministry of the State Policy in Emergency Situations and Accidents
- Support of the public activity and charity
- Partnership with the national, regional and local authorities.

The CSR activities of the company are fully integrated into the core business processes in the following fields:

- Energy management - Kaolin is amongst the first companies in the country which work with CEM - 4th generation;
- Waste Management – Kaolin is in a process of putting into operation of waste-free technologies in the production plants. In conformity with the established hierarchy for waste management, it is a Company's priority to prevent the production of waste and its utilization through second use when possible. Together with reputable European institutions the Company develops a long-term investigation project regarding the possibilities for processing of production (technological) waste, held in the settling tanks with the purpose of utilization of the waste, decreasing the volume and respectively – the damaged terrains being waste plants.
- Environmental Management System – the decrease of the consumption of energy and water, the optimization of the use of raw materials and the minimization of the quantity generated waste would improve the economic results and in the end would decrease the Company's environment impact. Besides, the implementation of an ecological management system would bring additional benefits, including also improved relations with the employees, clients, local community and other stakeholders, as well as also new opportunities for the business. In 2007 there started the preparation for certification of the Environmental Management System under the international standard ISO 14001:2004. Kaolin is due to be certified according to this standard till the end of June 2009.
- Quality Management System ISO 9001:2000
- Occupational health and safety management system, elaborated in compliance with OHSAS 18001 standards, in order to help the Company to effectively fulfill the requirements for health protection of the work force and ensuring of safety work conditions.

INTERVENTION AREAS	ACTIVITIES	ACTIONS
HUMAN RESOURCES	traditional channels for attracting new employees	through advertisements in the media, cooperation with the regional Labor Offices, taking benefit from the experience of the approved agencies for selection of personnel and management of the human resources
	alternative methods for searching and attracting qualified employees	participations in carrier forums, organization of annual summer internship campaigns, keeping of close cooperation with the carrier centers of the leading universities in the country
	Recommendations Program	each worker or employee has the opportunity to recommend for any open position its own relative, close fellow or a friend for an additional financial bonus, in case that the recommended person is hired for work and after passing to a permanent employment contract after expiry of the probation period
	the social benefits of the employees in the Company are increased in value on regular basis as well as additional benefits for some of the distinguished specialists are given annually	besides covering the costs for food, transportation and clothes for all employees in the Company, the Company supports financially the young specialists upon arrangement of their living-daily problems in the region with the aim to keep those specialists in the country, respectively in the Company
	“Life-long Study” project	increased number of scholarships of the specialists from the Company for completing of different master degrees, specializations, etc. in the sphere of geology, ecology, engineering and finance
PARTNERS	Evaluation systems for all company’s partners in terms of compliance with high ethical standards	The company has elaborated and implements the practice to evaluate each of its new business partners in terms of compliance with the main principles included in the CSR policy of the Company
CUSTOMERS	Responsible attitude towards all customers	production and offering of products and solutions focused on the protection of different components of the environment, for example limestone for sulphur-cleaning installations for the heating electrical power plants, selected sands for filtration of drinking waters, etc.
	Production advantages for certain groups of customers	the Company offers also to its traditional clients from the sector of glass and ceramics products and solutions, leading to the increase of the energy efficiency and respectively lower emissions of carbon dioxide
	Innovations	Kaolin develops technologies and brand new series of products designed for the construction and other sectors, which are based on the complex use of raw materials from the main fields and which lead to the generation of zero to minimum waste.

	Evaluation systems for all company's customers in terms of compliance with high ethical standards	The company applies its evaluation practice also for each of its new customers in terms of compliance with the main principles included in the CSR policy of the Company
SUPPLIERS	Evaluation systems for all company's suppliers in terms of compliance with high ethical standards	The company applies its evaluation practice also for each of its new suppliers in terms of compliance with the main principles included in the CSR policy of the Company
FINANCIAL PARTNER	Correct and responsible attitude	The company performs all of its activities keeping precise and accurate relations with financial institutions in terms of servicing granted credits and payment of installments.
GOVERNMENT, LOCAL ENTITIES, PUBLIC ADMINISTRATION	Sponsorship of professional classes and study trainings	The Company sponsors professional classes of mine technologies in BHS „Vassil Levski” – the town of Vetovo, whereas its employees prepare the study materials and teach the special subjects. The Company organizes also study practices for the students in its two plants in Senovo and Vetovo, thus providing a chance for the young people to gain not only theoretical knowledge but also a valuable practical experience
	public discussion practice	The accepted practice for a large public discussion of the Company's investment intentions on extraction of new pits and the impact of the projects over the environment and the local communities provides opportunity for all groups of stakeholders to participate actively in the execution of CSR activities and projects.
	Regular meeting with the local entities	Leading managers of Kaolin participate regularly in meetings with students from the schools of Senovo, Vetovo and the Mathematic High School in Rousse. The purpose of these meetings is the introduction of the growing ups with the production activity of the biggest production plant in the region and their opportunities for future professional development in Kaolin. Each of the mentioned schools has received financial aid for the improvement of their material – technical conditions.
CIVIL SOCIETY	Integration policy	The Company puts serious efforts for integration of the different ethnical and minority groups in the team. In 2009 the employees and the workers of Kaolin represented the following groups: Bulgarians, Turks, Serbians, Bessarabia Bulgarians, Ukrainians and Roma people.

	Support of sports activities	Kaolin sponsors the wrestling team in the town of Glodzhevo, whereas an employee of the Company is a trainer of the young sports prospects of the region, who have won prestigious prizes
	Charity	The employees of „Human resources” department of Kaoloin visit each year the House for Children with Mental Backwardness. They bring presents and tasty food for the children of the house, they participate in the repair works of the residential building and cooperate to the management upon the maintenance of the house.
ENVIRONMENT	Environmental Management System	The decrease of the consumption of energy and water, the optimization of the use of raw materials and the minimization of the quantity generated waste would improve the economic results and in the end would decrease the Company’s environment impact. Besides, the implementation of an ecological management system brings additional benefits, including also improved relations with the employees, clients, local community and other stakeholders, as well as also new opportunities for the business. In 2007 there started the preparation for certification of the Environmental Management System under the international standard ISO 14001:2004. Kaolin is due to be certified according to this standard till the end of June 2009
	“The Green” Company’s strategy	<ul style="list-style-type: none"> - production and offering of products and solutions focused on the protection of different components of the environment; - the Company offers to its traditional clients from the sector of glass and ceramics products and solutions, leading to the increase of the energy efficiency and respectively lower emissions of carbon dioxide; - Kaolin develops technologies and brand new series of products designed for the construction and other sectors, which lead to the generation of zero to minimum waste; - modernization of the production in such a way so that there would be generated minimum emissions of carbon dioxide, which is the main reason for the global changes in the climate, as well as not to be used fluid fuels or coal in any of the production lines of Kaolin.

GOOD MANAGEMENT	Corporate performance in compliance with the best practices and corporate governance principles of the National Corporate Governance Code	<ul style="list-style-type: none"> - since 2008 the company joined the National Corporate Governance Code; - its annual reports since the engagement with the CG principles include detailed information based on the “comply or explain” principle in terms of company’s performance in all fields of the Code’s recommendations; - established disclosure and transparency policy;
	Code of Ethics	The company adopted a Code of ethics which defines high ethical standards for all company’s workers, employees, managers and corporate Board members;

2. ASSAREL MEDET JSC

Company	Assarel Medet JSC						
Business sector	Mining						
Address	Panagyurishte						
Telephone	+359 357 6 02 10						
Email address:	pbox@asarel.com						
Web site:	www.asarel.com						
Number of employees							
<i>Full time</i>	<i>10/5/2009</i>	<i>Male</i>	<i>952</i>	<i>Female</i>	<i>218</i>	<i>Total</i>	<i>1170</i>
<i>Part time</i>	-	<i>Male</i>	-	<i>Female</i>	-	<i>Total</i>	-

Company and CSR processes presentation

Assarel-Medet JSC - Panagyurishte is the biggest Bulgarian mining company for open pit mining and processing of copper and other types of ores. As a proof of a well developed, sustainable and continuous CSR policy of the company, it was granted the first certificate in Bulgaria according to the ISO 14001 standard for environmental management. Furthermore, *Assarel-Medet* also received the first certificate (in the mining field) in the country for quality ISO 9001. The company is also the first one in the mining industry certified under OHSAS 18001.

As a priority, the company defined different specific CSR areas: occupational safety and health conditions, environment, human capital development, sponsorship and partnerships, business ethics. It also developed a practice for strategic planning.

What CSR represents for the company

The company’s CSR policy is integrated into one of the strategic directions for sustainable business development. The general company policy, which is the key document specifying the common goals and values of the company and the people working in it, has been developed. In this document, CSR is defined as: „Voluntary, deeply realized, surpassing legal requirements and rationally motivated commitment of the company for priority focus on environment, safe working conditions, development of

people, respecting human rights and social needs. Achievement of corporate success with respect of moral values and satisfying ethic, legal, environmental and social expectations which society has towards the company.”

Individual responsibility	The company accepted a Code of Ethics for the workers. The employees have a 24-hour electronic access to all work procedures and instructions from the Integrated Management System according to ISO 9001, ISO 14 001, OHSAS 18 001 where particular practices and their implementation order are defined. Donation initiatives are encouraged and carried out with the personal involvement of the employees.
Responsible management of the company	Senior Management is responsible for the implementation of the company policy while the CSR activities are coordinated directly by the Human Resources Director and the responsibilities are functionally divided at the managers’ level. The results are reported on a regular base to the Board of Directors. Implementation of the modern environment-friendly technologies is considered as a priority from social and economic point of view as well. Corporate social responsibility is perceived by the managers as a important cause and a strategic direction for the company’s sustainable development.

How the company implements CSR

INTERVENTION AREAS	ACTIVITIES	ACTIONS
HUMAN RESOURCES	Human resources development	The leading understanding that people are the biggest wealth of the company and the investment in them are a pledge for present and future staff training. A training program for the staff is annually developed and implemented in <i>Assarel-Medet</i> JSC. Systems for assessment and encouragement of personal and team contribution are created in the company. An internship and scholarship are carried out. Proactiveness and initiative are encouraged.
	Provision of Occupational Safety and Health Conditions	An Occupational Safety and Health is developed and tests are carried out for all employees and workers. <i>Assarel-Medet</i> recently was honored with the <i>Prometeya</i> award by the Confederation of Independent unions in Bulgaria for its high standard of occupational safety and health.
	Social partnership	Constructive cooperation between workers and employees and representatives of unions is of crucial significance in <i>Assarel-Medet</i> JSC. The established committees for social cooperation are a major factor for the successful relation. Significant social benefits are granted through the Collective Labor contract.

	Active Dialogue	Open communication at all levels is a sign for corporate policy and culture. The provision of an efficient feedback – through polls, 24-hour telephone line for suggestions by the workers and employees, monthly meetings of the senior management with randomly selected employees, etc., is an important aspect.
PARTNERS	The company performs its activity in a dialogue with all interested parties	An aspect of the socially responsible policy is the constructive cooperation with interested parties, including citizens, governmental authorities, local institutions, a large scope of non-governmental organizations, unions, etc. Assarel-Medet has a free “hot” telephone line for alarms and suggestions by citizens.
CUSTOMERS	The commitment to ensure high quality of production according to international standards is an important focus in the relations with clients	The establishment of long-term strategic partnerships, based on mutual consideration of interests, trust and respect, is a priority. The company is guided by the requirements for high business ethics.
SUPPLIERS	Suppliers of goods and services is done through competition procedures	Transparent, announced to the public procedures for suppliers selection and establishment of long-term partnerships with confirmed contractors. Clearly outlined anti-corruption mechanisms and high business ethics.
FINANCIAL PARTNER	Initiatives in the priority areas of social responsibility – environment protection, human resources development, occupational safety and health conditions, sponsorship in support of the local community, etc. which are mainly performed with company’s funds.	In 2008-2009, <i>Assarel-Medet</i> started implementing a project, approved for funding under the <i>Human Resources Development</i> Operative Program through co-funding by the European Social Fund and the state budget under the motto: “Managers are not born but created” Apart from its major environmental projects, <i>Assarel-Medet</i> is successfully implementing a Program for Removal of Previous Environmental Damages Prior to the Company’s Privatization which is funded by the state under an agreement with the World Bank.
GOVERNMENT, LOCAL ENTITIES, PUBLIC ADMINISTRATION	Support for the development of the municipality of Panagyurishte	Being a partner of the municipality of Panagyurishte, <i>Assarel-Medet</i> JSC fulfills a donation program every year providing significant support for the development of infrastructural projects, healthcare, education, culture, sport, youth activities and organizations of people of non-equal status. The company performs its activities in a transparent manner in a constructive cooperation with representatives of local governance, state administration and non-governmental sector.

CIVIL SOCIETY	Active partnership and best practices exchange	<i>Assarel-Medet</i> JSC is a member of national and regional organizations of the business and mining industry as the exchange and multiplication of best practices is a priority.
	Implementation of sustainable socially significant projects in support of the local community	In 2009 <i>Assarel-Medet</i> JSC was ranked second for its project <i>Support for the Homeland' 2008</i> in the Annual Competition for socially responsible business by the Bulgarian Business leaders Forum.
	Partnership with organizations of people of non-equal status and support for charity causes	As a tradition, the company renders support to municipal organizations for people of non-equal status, of children deprived from parents' care and to partners' initiatives of the Municipal Council of the Bulgarian Red Cross. <i>Assarel-Medet</i> JSC is a traditional donator of the Bulgarian Christmas. The company's employees and workers are encouraged to participate in charity campaigns.
ENVIRONMENT	Environment protection in compliance with the most modern standards – upholding the company's motto "From Nature to people, from people to nature"	<p>The efficient monitoring upon environmental components is performed through the first in the country corporate environmental system made in a partnership with the Bulgarian Academy of Science in 1988. The results from the monitoring are announced in the internal company's bulletin and the information panel in the center of Panagyurishte.</p> <p>In 2008 the implemented environmental program of the company amounts to 6.4 mln leva. The main environmental projects are focused towards a large-scale rehabilitation of areas and the functioning of a modern system of hydrological devices.</p> <p>In 2008 – 2009 <i>Assarel-Medet</i> supported the initiative of the National Forest Agency by allocation 40,000 leva for rehabilitation of 110 decars destroyed by fire on the territory of the Forestry, town of Panagyurishte.</p> <p>The company consistently studies and implements the best world experience in environmentally-friendly technologies. A copper sorption facility from reclaim waters was built based on an innovative technology. The implementation of a large-scale project for operations modernization for more than 100 mln. US Dollars ensures more environment-friendly mining operations, a more complete and efficient utilization of available reserves and extending the mine life during the recent years.</p>

GOOD MANAGEMENT	Studying and enforcement of the best practices in the area of corporate social responsibility.	Assarel-Medet participates in the UN Global Compact and Bulgarian Business Leaders Forum initiatives – organizations which encourage best practices enforcement in the area of corporate social responsibility. The company officially accessed the Ten Principles of the UN Global Compact and the Business Ethics Standard of the Bulgarian Business Leaders Forum.
	Establishment of best management practices	According to an anonymous inquiry of 600 employees and workers Assarel-Medet was honored as one of the best employers in the national poll of Hewitt Associates in 2007 and in their study for Central and Eastern Europe region in 2008 as well.

3. PIRIN – TEX Ltd.

Company	Pirin - Tex Ltd						
Business sector	Sewing industry						
Address	2900 Gotse Delchev, Drama Str. 50						
Telephone	++359 751 69113						
Email address:	info@pirintex.com						
Web site:	www.pirintex.com						
Number of employees							
<i>Full time</i>	<i>21/05.2009</i>	<i>Male</i>	<i>387</i>	<i>Female</i>	<i>1593</i>	<i>Total</i>	<i>1980</i>
<i>Part time</i>		<i>Male</i>		<i>Female</i>		<i>Total</i>	

Company and CSR processes presentation

With a total of 1 980 employees, “Pirin Tex” is among the biggest employers in southwest Bulgaria. All four production lines are located in 25 000 sq. m. and their daily capacity is 3000 suits and 400 tailored suits for our customers in Germany, France, Switzerland, Greece.

The company has developed a considerable donation and sponsorship activity within the municipality of Gotse Delchev. It supports certain projects in the spheres of fine arts, culture, sports, and education. The company has charity practices also with respect to its own employees, supporting such employees that have financial difficulties.

The socially responsible initiatives contribute to the formation of the positive social image of Pirin-Tex EOOD in line with its mission, vision and values.

What CSR represents for the company

The management of Pirin - Tex EOOD believes that the socially responsible business is more stable and sustainable in time, and this is why it carries out its activities with care of the environment, personnel and society

Taking business decisions that are consistent with the ethical values, in accordance with the legal requirements and complying with the people, community, and environment contributes to the enhancement of the trust and the good attitude of the society and the investors towards the company.

Individual responsibility	The corporate social responsibility /CSR/ finds expression in the care for the employees as well as in the commitment of the company as to the ecological problems and the problems of the community, in which the company carries out its activities. Taking business decisions that are consistent with the ethical values, in accordance with the legal requirements and complying with the people, community, and environment contributes to the enhancement of the trust and the good attitude of the society and the investors towards the company.
Responsible management of the company	In the context of the CSR the main principles observed in the company's policy are: <ul style="list-style-type: none"> - responsibility with respect of the employees - responsibility with respect of the market, i.e. production of quality products and rendering of services that are in line with the needs of our clients - responsibility with respect of the environment - responsibility with respect of the community in which we live and carry out our activity through provision of economic opportunities for improvement of the standard of living of the people in the community, as well as through donation of means for concrete causes.

How the company implements CSR

INTERVENTION AREAS	ACTIVITIES	ACTIONS
HUMAN RESOURCES		The leading understanding that people are the biggest wealth of the company and the investment in them are a pledge for present and future staff training. A training program for the staff is annually developed and implemented in <i>Pirin-TEX</i> . Systems for assessment and encouragement of personal and team contribution are created in the company. An internship and scholarship are carried out. The plans for training activities are developed on the basis of the extensive practical experience of the management and the departmental executive officers, and they are in accordance with the normative and technological requirements. Free of charge foreign language courses in English and German are offered, as well as specialized training programs for enhancement of the qualification Proactiveness and initiative are encouraged
	Provision of Occupational Safety and Health Conditions	An Occupational Safety and Health is developed and tests are carried out for all employees and workers.
	Social partnership	Constructive cooperation between workers and employees and representatives of unions is of crucial significance in <i>Pirin-TEX</i> . The established committees for social cooperation are a major factor for the successful relation. Significant social benefits are granted through the Collective Labor contract and Social funds.

	Active Dialogue	<p>Open communication at all levels is a sign for corporate policy and culture. The management encourages and stimulates all employees to make enquiries, requests, propositions, and state their social and other problems before the management by directly addressing the managing director or by submitting them with the Human Resource Department, which is obliged to present them immediately to the attention of the managers.</p> <p>There is a practice to convene talks with representatives of the employees on important issues concerning the activity.</p>
PARTNERS	The company performs its activity in a dialogue with all interested parties	An aspect of the socially responsible policy is the constructive cooperation with interested parties, including citizens, governmental authorities, local institutions, a large scope of non-governmental organizations, unions.
CUSTOMERS	The commitment to ensure high quality of production according to international standards is an important focus in the relations with clients	<p>The establishment of long-term strategic partnerships, based on mutual consideration of interests, trust and respect, is a priority. The company is guided by the requirements for high business ethics. In its relations with the business partners, suppliers, and customers, the management of the company observes high ethical standards such as honesty and quality guarantee for the execution of all agreements of the company. Pirin-TEX EOOD provides its clients with clear and accurate information as to the products produced, including through labeling of the latter, concerning their characteristics.</p> <p>In its business relations, it assures timely and correct payment of the amounts due to the suppliers, in accordance with the invoices issued.</p>
SUPPLIERS	Suppliers of goods and services is done through competition procedures	Transparent, announced to the public procedures for suppliers selection and establishment of long-term partnerships with confirmed contractors. Clearly outlined anti-corruption mechanisms and high business ethics.
FINANCIAL PARTNER	Correct and responsible attitude	The company performs all of its activities keeping precise and accurate relations with financial institutions in terms of servicing granted credits and payment of installments.
GOVERNMENT, LOCAL ENTITIES, PUBLIC ADMINISTRATION	Support for the development of the municipality of Panagyurishte	<p>Being a partner of the municipality of Gotse Delchev, <i>Pirin-TEX</i> fulfills a donation program every year providing significant support for the development of infrastructural projects, healthcare, education, culture, sport, youth activities and organizations of people of non-equal status.</p> <p>The company performs its activities in a transparent manner in a constructive cooperation with representatives of local governance, state administration and non-governmental sector.</p>

CIVIL SOCIETY	Active partnership and best practices exchange	<i>Pirin-Tex</i> is a member of national and regional organizations of the business and sewing industry.
	Partnership with organizations of people of non-equal status and support for charity causes	Financial assistance is provided to citizens needed medical treatment and citizens in reduced circumstances. Providing expensive equipment for the local hospital and center for children with disabilities, financial support for the International Children's Day, Christmas and Easter in kindergartens, as well as elderly people who live alone via social patronage. Financial support to orphanages and SOS Children's Villages
ENVIRONMENT		<p><i>Pirin-Tex EOOD</i> has a definite policy for preservation of the environment, the main principles of which are:</p> <ul style="list-style-type: none"> - Corporate commitment – the management is committed to the due familiarization with the effective normative framework concerning the environment /the laws and regulations of the Republic of Bulgaria, normative acts of the EC and any other international acts/, as well as to provide the resources necessary for their implementation. - Personnel Training – familiarization with the amendments of the normative framework as well as with the internal corporate regulations for separate waste collection. - Exploitation of the Installations – the maintenance and the exploitation of the installations as well as the control over their activity is a priority in the activity of the company for achieving effectiveness in the use of raw materials and energy. <p>The concrete initiatives and activities undertaken by the company in the "Environment Preservation" direction are:</p> <ul style="list-style-type: none"> - effective use of the electrical and heat energy through introduction of energy saving technologies. - collection and recycling of part of the technological waste materials, packing paper and folios.

ROMANIA

2.1 A national overview on CSR issues

2.1.1 Description of the national framework on CSR

The concept of Corporate Social Responsibility appeared in Romania after 1990, when many NGOs, associations and foundations were established. These subjects had especially a humanitarian role, aiming at helping some disadvantaged categories.

CSR represents the understanding by the companies that business means not only profit, but also the assumption of a new attitude towards the society, the involvement of the company in the destiny of the community where it lives, the business behavior, the relation with employees, the workplace health and the relations with suppliers and clients.

The concept of CSR was step by step introduced when big transnational companies entered in Romania, for example: Coca-Cola, Pepsi-Cola, Philip Morris etc. The majority of these companies created the American-Romanian Chamber of Commerce (AmCham), an organization which was actively involved in the organization of events, actions and seminars in order to disseminate the CSR concept and at the same time in developing concrete projects in this field.

After 2000, many business companies, both large and SMEs, started to be involved in actions of social responsibility, especially restructuring their technologies for improving environment, adopting social measures for employees, developing good relations with local authorities. At the same time many projects involving public-private partnership began to be developed, some of them approaching problems of social responsibility.

Being only at an initial level, the CSR concept was firstly used by national firms more as a marketing and media instrument than for its ethical values. Later, it became clear that to be socially responsible does not mean sporadic philanthropic actions or an intense public relations activity, but a business philosophy voluntarily accepted, manifested in a continuous behavior.

Over the last years, the language of CSR has entered the lexicon of Romanian business. This is primarily the result of multinationals pursuing and promoting global projects and programmes. A glance at the annual Romanian CSR award programme gives some ideas of the level of interest in the subject. Over 5.000 people were involved in the awards in 2005, including 18 ambassadors and the deputy prime minister. There were 150 nominees and 34 winners. The award programme is sponsored by an exclusive group of multinationals including HP, GSK, Orange, Microsoft, Carrefour and Holcim.

CSR in Romania is evolving fast and this fact will generate growing expectations by many interested parties.

The Romanian Government receives with interest the issues of CSR; the legislation in the field of environment, employment, restructuring of local authorities was permanently improved. There are still many claims coming especially from the civil society, but also from the business sector for improving legislation and fiscality in order to support institutions for CSR actions.

The majority of ministries, as the Ministry of Labour, Social Solidarity and Family, the Ministry of Economy and Commerce, the Ministry of Agriculture, Forests and Rural Development, the Ministry of Education and Research, the Ministry of Culture and Religious Affairs, the Ministry of Public Health, the Ministry of Environment and Waters Management pays a relevant attention to the matters related to the social responsibility. Special departments were set up in order to supervise this topic. Measures were adopted in this respect, new decisions have been agreed and legislative initiatives were promoted for changing provisions of laws in accordance with the principles of social responsibilities.

One of the main actors involved in projects of social responsibility is the Chamber of Commerce and Industry of Romania (CCIR). In 2002, CCIR in cooperation with the United States Agency for International Development (USAID) started a programme which aimed at introducing the concepts and practices of good corporate citizenship to Romanian businesses. There were 21 Romanian companies from eight counties trained on CSR issues. CCIR was involved in organizing different events, seminars and projects in the corporate social responsibility field.

Managers involve in CSR activities because of different motivations, such as: they want to do a good thing for the community, they intend to consolidate the role of the company within the society or they need to find the solution to certain problems. Moreover, customers are interested in companies to become more responsible.

There is the awareness of a strong connection between the environment protection and the corporate social responsibility. The CSR projects and initiatives were especially set by multinational companies. The appearance of the EU funds gave a strong impulse for developing CSR projects, not only by big enterprises, but also by SMEs; on the other side, many NGOs continue to play an important role in developing CSR projects.

2.1.2 The most important events on CSR in Romania

CSR Conferences

Below, there are presented three of the most important CSR conferences which took place in Romania.

The first initiative to promote CSR concept and practice has been launched by the American Chamber of Commerce in Romania in October 2002 with the first edition of the CSR Conference held in Bucharest. The American Chamber of Commerce in Romania is a non-profit organization founded in 1993 by American investors in Romania, with membership open to American companies, multinationals and local companies having strong business ties with the United States.

The main purpose of the CSR Conference is to highlight the initiatives of AmCham members in the field of CSR, to present international and European standards in the field and to discuss the main trends on the subject, along with involving Romanian companies in common projects related to CSR. Besides spreading the information to a wide number of businesses which are either members or collaborators of AmCham, the CSR conference has also contributed to bring the CSR issue on the public agenda, having as participants the representatives of the central government, acknowledging the importance of integrating CSR into the way how business sector operates in Romania.

The First International CSR Conference in Romania called “Investing in Future” (www.csr06.ro) was organized by the Saga Business & Community on 7-8 November 2006, under the auspices of the World Business Council for Sustainable Development and The Global Compact.

The conference aimed at making the civil society, governmental bodies and the private sector aware about the strategic instruments CSR offers in order to improve the organizations, employees, shareholders, as well as the world outside. During the event the following topics have been debated: the CSR impact, global perspectives and local trends; CSR as the human face of the business; responsible entrepreneurship; the NGO contribution to development: a trustworthy partner of implementing CSR; CSR and youth involvement; the Governance dimension: how companies and governments can promote better CSR management; building trust through transparency; media influence on CSR and so on.

The conclusions of this conference were collected in a White Paper in order to be handed to the Romanian Government for the purpose of developing a national CSR strategy.

The Second International CSR Conference in Romania called “The Power to Change” (www.csr07.ro) was also organized by the Saga Business & Community on 22-23 October 2007, under the auspices of the World Business Council for Sustainable Development and the United Nations Development Programme (UNDP).

The conference aimed at involving civil society, governmental bodies, private sector and mass-media in a unique cooperation on CSR strategies and instruments. Some of the debated topics were the following: involving stakeholders to manage reputation – social responsibility; youth involvement – a proactive approach towards social involvement; branding and CSR – the changing face of trust; engaging your employees through CSR; work and life balance; CSR and financial performance; OH & S – Building a safer and healthier workplace through CSR; NGOs – maximum impact for sustainable development; media, an engine for CSR – “The power of celebrities’ involvement”.

CSR Page in Capital Magazine

This initiative related to the promotion of CSR concept and practice in Romania belongs to the Open Society Foundation and its partner, Capital Magazine. The project was initiated in 2003 by the Open Society Foundation in order to promote CSR among the readers of Capital Magazine, which is a business oriented publication reaching up to 60,000 people. The Open Society Foundation prepares the articles on CSR for which Capital Magazine offers one page for publication.

The purpose of this project is to offer models and examples of best practices in CSR to companies and business persons reading Capital Magazine and to stimulate business engagement in CSR related projects by highlighting their impact in the community and their benefits for all the parties involved. Among the subjects presented by now in the CSR page of Capital Magazine you can find debates about whether social

responsibility affects business profits, social promotion of products increases the sales, the fiscal law in Romania does not encourage philanthropic engagement of the companies, social entrepreneurship and others.

CSR Awards Ceremony “People for People Gala”

The initiative is a partnership between the American Chamber of Commerce and the Association for Community Relations. This Award People for People Gala is an event dedicated to award the philanthropic contributions through donations and/or sponsorships, volunteering activities and fund raising projects developed by both for-profits and not-for-profits. The program benefited in 2006-2007 of the patronage of the Romanian Presidency.

The 5th edition of People for People Gala 2007 was organized with the help of the CEE Trust, Vodafone Romania, BRD Group Societe Generale, TVR, The Money Channel, Money Express and Business Standard, immromania.ro and TEA Communication and Hilton Athenee Palace Hotel. There have been 120 projects nominated for 2007 and their total amount was over 10 million EUR.

The winners of the 2007 People for People Gala were:

- Lafarge Romcim for “Eurohabitat 2007” and Philip Moris for the scholarship program “Some Villagers” in the “Financial and in kind sponsorship and contribution programs of companies with over 250 employees” category;
- SofMedica in the “Financial and in kind sponsorship and contribution programs of companies with under 250 employees” category;
- Camelia Şucu in the “Donations and contributions of individuals” category;
- “2% for Odorhei” in the “Fundraising programs developed by non-profit and politically unaffiliated institutions”;
- Mario Demezzo in the “Coordinators of fundraising campaigns developed for non-profit and politically unaffiliated institutions” category;
- Petrom for the project “Parcs of the future” in the “Community Programs” category;
- Raiffeisen Bank and British American Tobacco for the corporate volunteering program initiated by the United Way;
- The Foundation for Community Support with the project “Volunteers for rural communities” in the “Public volunteering programs” category;
- HNC – The Advertising Supermarket in the “Media coverage of social involvement programs” category;
- Ana Gogan, UPC in the “Involvement of employees in the communitarian initiatives of the company” category.

The Jury of the Gala also offered 3 special awards:

- The “Program of the Year Award” to Habitat for Humanity for EuroHabitat 2007;
- Price WaterhouseCoopers, awarded for the free auditing services offered to NGO in Romania;
- The award for “Creativity and innovation” to MediaOrg for “The paper tree”.

The Gala attended 200 guests from the NGO, business, political and media sectors.

2.2 National legislation on employment and labour security

2.2.1 Introduction

In the last 18 years the labour market in Romania has suffered deep changes; the transition to a market economy started after 1989 and had major effects on labour market outcomes. In the first years of transition, Romania faced an unemployment boom caused by the structural changes in the national economy. The employment in the State sector was reduced as a result of the processes of restructuring, privatization and closeout of the companies, while employment in the private sector has increased.

Despite the economic growth over the past few years, important challenges still remain for Romania. Additional reforms are necessary for building a competitive market economy capable of withstanding the pressures deriving from the integration within the European Union and its market.

The phenomenon of migration was accelerated in the last 3-4 years before Romania joined the EU. The migration of the labour force had some positive effects: reduction of unemployment, poverty and social problems, especially in the domains which were affected by the economic restructuring in the last years of transition. This phenomenon will lead to a real crisis on the Romanian labour market, that is why governmental authorities must take the necessary measures in order to avoid this crisis and its negative consequences.

In Romania, there are two major institutions presiding over issues regulating the labour market:

- the Ministry of Labour, Social Solidarity and Family is a specialized central public administration body, which plays a synthesis role and in charge of devising and applying labour and social protection, as well as solidarity policies and strategies;
- the National Employment Agency is responsible for the practical application of employment, vocational training and re-conversion policies, administration and granting of due entitlements, in compliance with the law on unemployment.

In view of a changing world it's necessary to adopt a flexible approach to work and it's also very important to balance work with home life.

Flexible work represents a pattern adopted to suit someone's needs, for example: part-time jobs (working less than the normal number of hours), flexi-time jobs (choosing when to work, usually it's a core period during which you have to work), working from home, etc.

On the other hand, work-life balance is very important for employees because it means more time spent with family and friends and moreover an improvement of the quality of life. It's an efficient way to reduce stress and to restore harmony in people's life. Also, a work-life policy that respects individual, customer and organizational needs can be beneficial to all.

2.2.2 Legislation on employment and labour security

The main legislative framework in labour relations consists of:

- the Romanian Constitution;
- the Labour Code;
- Laws on safety and health at work and working conditions;
- Government acts;

A. The Romanian Constitution

The Romanian Constitution of 1991 was amended and completed by the Law No. 429/2003 on the revision of the Constitution of Romania. There are two provisions dealing with employment and labour security.

Thus, according to the article 41 :

- “(1)The right to work shall not be restricted. Everyone has a free choice of his/her profession, trade or occupation, as well as work place.
- (2) All employees have the right to measures of social protection. These concern employees' safety and health, working conditions for women and young people, the setting up of a minimum gross salary per economy, weekends, paid rest leave, work performed under difficult and special conditions, as well as other specific conditions, as provided for by the law.
- (3) The normal duration of a working day is of maximum eight hours, on the average.
- (4) Women shall get equal wages on work than men.
- (5) The right to collective labour bargaining and the binding force of collective agreements shall be guaranteed.”

Also, the article 42 states that:

“(1) Forced labour is prohibited.

(2) Forced labour does not include:

- a) any service of a military character or activities performed in lieu thereof by those who, according to the law, are exempted from compulsory military service for conscientious objection;
- b) the work of a sentenced person, carried out under normal conditions, during detention or conditional release;
- c) any services required to deal with a calamity or any other danger, as well as those which are part of normal civil obligations as established by law.”

B. The Romanian Labour Code

The Romanian Labour Code regulates every individual and collective employment relationship, the enforcement of the regulations regarding the employment relationships and the labour jurisdiction.

Among these various provisions, the following are significant:

- “The right to work is guaranteed by the Constitution.
- A person shall be free to choose his/her job and profession, trade or activity to perform.
- The principle of equal treatment for all employees and employers shall operate within the framework of the employment relationships. Any direct or indirect discrimination against an employee based on sex,

- sexual orientation, genetic characteristics, age, national affiliation, race, color, ethnicity, religion, political option, social origin, disability, family situation or responsibility, trade union affiliation or activity shall be prohibited.
- An employee engaged in an occupation shall enjoy working conditions adequate to the activity carried out, social protection, health and safety at work, and respect of his/her dignity and conscience, without discrimination.
 - Romanian citizens shall be free to work in the Member States of the European Union and in any other country, in compliance with the rules of the international labour law and bilateral treaties to which Romania is a party.
 - An individual employment contract is an agreement under which a natural person, called employee, undertakes to perform the work for and under the authority of an employer, natural or legal person, against a remuneration called wage.
 - A natural person shall acquire legal capacity to work at the age of sixteen; A natural person may also conclude a employment contract as an employee at the age of 15, with the agreement of his/her parents or legal representatives, related to activities corresponding to his/her physical development, skills and knowledge, unless his/her health, development and vocational training are harmed.
 - A person may only be employed on the basis of a medical certificate, attesting that the concerned person is able to perform the respective activity.
 - The rights and obligations regarding the employment relationships between the employer and the employee shall be established according to the law, by negotiation, within collective labour agreements and individual employment contracts.
 - An employee shall have, mainly, the following rights:
 - right to wage for the work carried out;
 - right to daily and weekly rest period;
 - right to annual leave;
 - right to equal opportunities and treatment;
 - right to dignity at work;
 - right to health and safety at work;
 - right to access to vocational training;
 - right to information and consultation;
 - right to participate to the determination and improvement of the working conditions and environment;
 - right to protection in case of dismissal;
 - right to collective and individual bargaining;
 - right to participate to collective actions;
 - right to set up or join a trade union.
 - An employee shall have, mainly, the following obligations:
 - obligation to achieve the work quotas or to fulfil the tasks assigned according to the job description;
 - obligation to comply with the labour discipline;
 - obligation to comply with the provisions contained in the rules of procedure, in the applicable collective labour agreement and in the individual employment contract;
 - obligation of loyalty towards the employer in the course of their duties;
 - obligation to comply with the work safety and health measures within the organization;
 - obligation to observe the professional secrecy.
 - An employer shall have, mainly, the following rights:
 - to lay down the organization and operation of the unit;
 - to establish the corresponding tasks of each employee, under the terms of the law and/or the applicable collective labour agreement;
 - to issue orders with a compulsory character for the employee, subject to their legality;
 - to exert control over the performance of the tasks;
 - to assess the disciplinary offences and apply the corresponding penalties, according to the law, the applicable collective labour agreement and the rules of procedure.
 - An employer shall have, mainly, the following obligations:
 - to notify the employees of the working conditions and of issues related to the employment relationships;
 - to permanently provide the technical and organizational conditions taken into account when preparing the work standards and the corresponding working conditions;

- to ensure the employees all rights under the law, applicable collective labour agreements and individual employment contracts;
- to regularly notify the employees of the economic and financial situation of the organization, except for sensitive or classified information whose disclosure is likely to harm its activity;
- to consult the trade union or, as appropriate, the representatives of the employees on the decisions liable to substantially affect their rights and interests;
- to pay all contributions and taxes due, and to retain and transfer the contributions and taxes owed by the employees, under the terms of the law;
- to establish the general employee register and enter the data provided for in the law;
- to issue, upon request, all documents stating the employee quality of the applicant;
- to ensure the confidentiality of the employee data having a private character.”

C. Laws on safety and health at work, working conditions

- Law no. 319/2006 on security and health in labour;
- Law no. 202/2002 on Equal Opportunities between Women and Men;
- Law no.76/2002 on the unemployment insurance system and employment stimulation;
- Law no. 416 of 18 July 2001 concerning the minimum guaranteed income;
- Law no. 177/2000 to alter and revise Law of Labour Protection no. 90/1996;
- Law no. 19/2000 on the public pension system and other social security rights;
- Law no. 130/1999 regarding some protection measures for employees;
- Law no. 90/1996 regarding labour protection republished in the Romania’s Official Monitor no.47/29.01.2001;
- Law no. 31/1991 on establishing work time duration under 8 hours/day for employees working in special, harmful, hard or danger conditions.

D. Government ordinances and decisions

- Government Emergency Ordinance no 96/2003 on the protection of maternity at the work place approved by the Law no. 25 of 05.03.2004;
- Government Emergency Ordinance no. 99/2000 on the measures to be taken for the protection of employees during extreme temperature periods;
- Government Emergency Ordinance no.107 of 24/10/2003 to alter and revise Law no.346/2002 with regard to the insurance against labour accidents and professional illnesses;
- Government Emergency Ordinance no.150/31.10.2002 on health insurance;
- Government Emergency Ordinance no.49/29.04.2001 to alter and revise Law no. 19/2000 on the public pension system and other social security rights;
- Government Decision no. 600/13.06.2007 on the protection of young people in the workplace;
- Government Decision no. 355/11.04.2007 on monitoring the employees’ health;
- Government Decision no. 1146/30.08.2006 regarding the minimum safety and health requirements for using work equipments by employees in their activity;
- Government Decision no. 1091/16.08.2006 regarding the minimum safety and health requirements at the work place;
- Government Decision no.1048/09.08.2006 regarding the minimum safety and health requirements for using individual protection equipments by employees at their work place.

2.2.3 Lifelong learning in Romania

In Romania, the concept of lifelong learning was mentioned for the first time in an official document in 1995 in the framework of the Law of Education no. 84/1995 (amended by the Law no. 606/1999). According to this law, “lifelong learning is organized by the Ministry of Education and Research in collaboration with the Ministry of Culture and together with mass-media, religious institutions, folk universities, cultural foundation, other associations and institutions, in order to facilitate the access to science and culture to all the citizens whatever their age is, and to prepare them to properly respond to all the major changes appeared in society”.

Moreover, according to law no. 133/2000 on the Continuing Vocational Training Within the Educational System, “the lifelong learning organized within the educational system is developed with the help of the specific programmes initiated and organized by the public and private institutions with a specific activity in

this field, by promoting social partnership, by using interactive methods, enhancing the role of multimedia approaches such as: distance education, computer assisted education, video conferences and others ”.

The six key messages of the Memorandum of the European Commission on Lifelong Learning have become objectives for Romanian lifelong learning strategy. Within the First National Conference for Adult Education, held in Timisoara (2001), the participants highlighted the importance of the key-messages number one: *new basic competencies for all* and number four: *valuing and recognising of the learning and life experience* for Romania.

After 1989, in the context of the capitalistic economy, in Romania deep changes occurred on the labour market: the companies required more and more people with computer skills, speaking foreign languages and having strong competencies in practice labour fields. Unfortunately a lot of people do not have these basic skills. People about 40 years old face a higher risk to become unemployed because of the lack of these skills. This is why lifelong learning has to offer the opportunities to all people to acquire these basic competences and to be successfully integrated in the workplace.

The adult education has become more and more important and is seen as a way for the adults to adapt to the changes on the labour market and in the society. According to the Governmental Ordinance no.129/2000 vocational training of the adults is “a national priority”.

According to the Governmental order no. 3062/2000, adult education is a “special dimension of the lifelong learning” and its aims are: to develop the knowledge, the information, the competencies and attitudes that the adult needs in a particular moment in his life, in order for him to obtain an appropriate role and status in the society where he lives.

In the Country, vocational training of adults is seen as a priority. For this purpose, the Romanian Government elaborated the Governmental Ordinance 129/2000 regarding the vocational training of the adults. This ordinance was approved and modified with Law nr. 375/2002, according to which, the Ministry of Labour and Social Solidarity and the Ministry of Education and Research elaborate the national strategies regarding the development of human resources, including the vocational training of the adults. These strategies are elaborated taking into account the proposals of the National Council for the Vocational Training of the Adults, in accordance to the National Plans for Development and governmental strategies.

The National Council for the Vocational Training of the Adults is responsible for the coordination in the whole Country of the accreditation process of vocational training providers. The Council is an autonomous administrative authority with a consultive role in promoting the policies and strategies regarding adult education, which evaluates the training needs in the field of the vocational training of the adults, supervises the projects and law referring to the vocational training of the adults, collaborates with other governmental and non-governmental, national and international institutions active in the field of vocational training.

Another relevant institution in this field is the National Association of the Regional Centres for Adult Education, which includes 8 Regional Centres for Adult Education in Romania. These centres have specific competences in the adult education, considered as a special and fundamental dimension of the lifelong learning, and each of them develops activities such as: counseling services for adults, courses, brochures, documents related to the adult education, conferences and seminars on different themes (ecological education, education for health, involvement in the international cooperation projects etc).

Lifelong learning Week, called “The festival of your opportunities” is also organized by these centres in the region where they operate. The event is the main campaign in promoting educational opportunities. Within this week, in Romania many initiatives have been organized, such as presentations of the job offers, conferences, presentations of the non-formal education offers, exhibitions of the artistic creation, books presentations, open doors, free access to the courses, counseling services for the participants, concerts, plays, dances. Lifelong learning week is the only coherent campaign which promotes directly lifelong learning and life wide learning. Other campaigns promote only parts of the lifelong learning: adult education, especially vocational training, foreign languages, ICT etc.

The National Association Of The Regional Centres For Adult Education aims at becoming actively involved in the implementation of the national and local strategies regarding adult education.

The Romanian Society for Lifelong Learning is a non-governmental organization that supports the process of providing proper conditions so as more people may benefit from learning opportunities throughout their entire adult life. The major objective of the Romanian Society for Lifelong Learning is to guarantee universal and permanent access to the learning process, in view of training and improving the skills and competences necessary for a sustained participation to social activities.

At the present, the Romanian Society for Life Long Learning is coordinator of a Socrates Minerva project, DYACIT- Developing Young Adults' Creativity through Information Technologies (229629-CP-1-2006-1-RO-Minerva-M) and has been coordinator of a Socrates - Grundtvig 1 project, TYAEST - *Today's Young Adults Integration in the European Society of Tomorrow* (114170-CP-1-2004-RO-GRUNDTVIG-G1) that ended in October 2006. They also collaborate as partner in 4 Leonardo da Vinci projects, 2 Socrates – Minerva projects and 1 Socrates - Lingua 1 project and in the last 5 years they collaborated as partners in other 8 European projects.

The National Agency for Employment and Vocational Training is the Romanian public employment service which aims at providing and financing vocational training services according to the national policies for employment and to the tendencies of the labour market and at offering counseling services for the unemployed people. The National Agency has in each county a representative institution - The County Agency for the Employment and Vocational Training - which is responsible for the application of the existing rules and for the finding of solutions for unemployed people in the county. The Agency finances courses for the unemployed people provided by specialized institutions.

2.3. The association's measures for a better understanding of CSR meanings

2.3.1 Presentation of the National Council for Small and Medium Private Enterprises in Romania

CNIPMMR - National Council of Small and Medium Sized Private Enterprises in Romania – was funded in 1992 and is a Romanian non-profit, non-governmental, non-political organization of employers with legal personality, the only organization for SMEs representative at national level in the country.

Its mission is to promote and to protect the economic, production, commercial, financial, juridical and any other interests of small and medium private enterprises in Romania.

The main objectives of CNIPMMR are:

- to protect and promote private SMEs interests at international, national and local level;
- to promote and defend private enterprises interests in the relationship with decision-making public authorities, as well as with other bodies and organizations in Romania and abroad;
- to stimulate, by its specific ways, privatization and setting up of small and medium size enterprises based on local private capital and/or with foreign participation.

CNIPMMR provides support services for members, such as:

- Information (CNIPMMR provides information related to: financing sources, ongoing projects, financing alternatives, etc; non-reimbursable financing opportunities for SMEs; preparation steps in order to be eligible for financial help; training and consultancy programmes for CNIPMMR members; consultancy and SMEs supporting centers and bodies from all over the country; business opportunities in Romania and abroad; fairs and exhibitions at national and international level; economic missions abroad; steps to be taken to obtain quality international certificates; SMEs related legislation and also EU legislation; ways to access research results and financing possibilities for innovative activities).
- Training (CNIPMMR organizes training courses on the following topics: management, marketing, finances, European Computer Driving License - ECDL, public relations and communication, etc.).
- Consultancy (guidance services for filling-in a funding application; advice for project idea assessment; assistance for funding opportunities selection; verification of the eligibility criteria, regarding the organization, the project idea; guidance for partners' search).

Moreover, CNIPMMR represents SMEs interests by:

- promoting legislative initiatives in co-operation with specific ministries;
- promoting legislative changes in order to remove the main misfunctions acknowledged by CNIPMMR members;
- emphasizing the SMEs issues through mass-media appearances, through SMEs Business Review and through the White Charter of SMEs;
- participating in all tripartite bodies at national and regional level, through its own representatives;
- promoting the state-owned and private partnership;

- activating the parliamentary SMEs supporting group for solving problems related to private sector and business environment development.

CNIPMMR has 98 Branches all over the country (in all 41 counties), which represent over 11,000 SMEs.

CNIPMMR organizes yearly the National TOP of Private Companies in Romania. CNIPMMR also organizes each year in May the “Entrepreneurship Day” and a National Forum for SMEs, with important guests from Romania and abroad.

In 2002 CNIPMMR has created a department to identify, use and disseminate information on available funding opportunities for SMEs. The main objective of this department is to attract funds, by applying for non-reimbursable funding or by joining project partnerships.

CNIPMMR plays an active role within national and international organization. At national level, CNIPMMR has representatives in:

- Economic and Social Council
- Consultative Council on social and economic aspects of the Presidency
- Social Dialogue Commissions within all ministries and governmental agencies
- National Agency for Occupation and Vocational Training
- National Commission for Promoting Labour Force Occupation
- National House of Pensions
- National Council for Adult Vocational Training
- National Committee Leonardo da Vinci
- Council for Occupational Standards and Accrediting
- National Committee for Metrological Certification

At international level, CNIPMMR is member of:

- UEAPME - European Association of Craft, Small and Medium Sized Enterprises (since 1996)
- ECSB - European Council for Small Business (since 1995)
- WASME - World Association of Small and Medium Enterprises (since 1994)
- CESA - European Center for Crafts Studies (since 1994)
- CEDI - European Confederation of Independent Entrepreneurs (since 1992)

CNIPMMR is interested in the application of CSR pillars and developed projects on awareness raising towards SMEs to apply socially responsible practices.

2.3.2 Projects developed by the CNIPMMR in the field of CSR

“EUROPEAN SME Pro-Active Manager Model Definition and Training, aiming at a Regional Sustainable Development by increasing Awareness on the Social Responsibilities of SMEs”, from February 2003 to January 2005 (www.pro-active.ro)

The project aim was to foster awareness of owners and managers of SMEs, on the importance of employing innovative learning methods as tools for reaching a voluntarily commitment towards CSR.

CNIPMMR was the promoter of this project and had as partners the following institutions: Confederacion de Empresarios de Aragon CREA (Spain), API Servizi Varese (Italy), Centrum Biznesu I Rozwoju (Poland), ITV - Institut fur Textil und Verfahrenstechnik Denkendorf (Germany), Tulossita Ltd. (Finland), Hellenic Management Association (Greece), The Institute for Educational Sciences (Romania), ECOMET - Ecometallurgical Researches and Surveying Center from POLITEHNICA University of Bucharest (Romania).

Project’s objectives were the following:

- to identify regional/national features, characterizing corporate social responsibility commitment;
- to describe the profile of the SME Pro-Active manager, voluntarily committed to contribute to a better society and a cleaner environment;
- to develop training tools in view of improving the skills and changing the attitudes of SMEs managers, for self-assuming social responsibilities;
- to highlight existing CSR best practices.

The target groups consisted of: managers of industrial SMEs from the countries involved in the project and trainers to be retrained in approaching CSR concepts.

The methods selected for promoting CSR concept were focused on:

- human resources management (developing of employees, improving the recruiting and selection process, restructuring of tasks and activities at the managerial and executive level)
- safety and health of employees (certification schemes)

- environment management (reducing pollution and the effects of human activities on the environment, waste management and green technologies)
- encouraging the SMEs to involve themselves in the local community initiatives and in projects developed with other business partners (projects aiming at improve local community at the social and environmental level).

The Pan-European Awareness-Raising Campaign on Corporate Social Responsibility”, from October 2004 to June 2005. (<http://ec.europa.eu/enterprise/csr/campaign>)

The pan-European awareness-raising campaign on corporate social responsibility was an initiative of the Enterprise Directorate-General of the European Commission. The campaign was targeted above all for European small and medium-sized enterprises (SMEs) and consisted of events in all 25 Member States of the EU, as well as in Bulgaria, Norway, Romania and Turkey.

The project, jointly managed by UEAPME, EUROCHAMBERS and Ogilvy, consisted in organizing a pan European awareness raising campaign to raise SMEs’ awareness on Corporate Social Responsibility. The campaign included 65 one-day events in 29 European countries (Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia, Turkey, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, UK, Norway), as well as a launch and closing event in Brussels and the development of a website dedicated to the campaign.

Project’s objectives were the following:

- 1.raising awareness about the potential of CSR to support sustainable business;
- 2.facilitating a better understanding and management of CSR, in particular by SMEs;
- 3.facilitating a better knowledge by SMEs of practices, instruments and tools.

The target groups consisted of SMEs representatives, trade unions and civil society representatives, investors, consultants and academics.

“Mainstreaming Corporate Social Responsibility (CSR) among SMEs”, from January 2007 to July 2008 (www.csr-for-smes.eu)

The aim of the project was to support small business organizations in implementing the recommendation guidelines elaborated by the EU Multi-Stakeholder Forum on CSR. These guidelines focus on promoting effective and credible CSR practices among European enterprises, and in particular among SMEs, to enhance their long-term competitiveness.

The promoter of this project was UEAPME - Union Europeenne de L' artisanat et des Petites et Moyennes Entreprises (Belgium) and had the following project partners: CNIPMMR (Romania), C.N.A. - Confederazione Nazionale dell'Artigianato e della Piccola e Media Impresa (Italy), Confartigianato (Italy), UNIZO (Belgium), HWK Trier (Germany), LVDK - Lithuanian Bussines Employers Confederation (Lituania), ZDH - Zentralverband des Deutschen Handwerks (Germany), HWK Handwerkskammer Hamburg (Germany), HWK Handwerkskammer Münster (Germany), HWK Handwerkskammer Duesseldorf (Germany), AEP - Portuguese Business Association (Portugal), CGPME - The General Confederation of Small and Medium sized Enterprises (France), ECCR - Czech Chamber of Commerce (Czech Republic), CESCOT - Centro Sviluppo Commercio Turismo e Terziario (Italy), CONFAPI - Confederazione italiana della piccola e media industria privata (Italy), AeT - Ambiente e Territorio (Italy), NCSC - National Chamber of Skilled Crafts (Bulgaria).

The tools developed by the project provided to the entrepreneur a framework to structure and manage CSR.

The activities and tools have been specifically developed in order to raise awareness on and improve knowledge of CSR. The capacities and competences in business intermediaries and in SMEs must be increased in order to help mainstreaming CSR in the SME sector.

The project was aimed at enabling intermediary organizations and SMEs in the new member states and candidate countries to take up Responsible Entrepreneurship initiatives. The project also aims at helping intermediary and SMEs from the old member states to improve their CSR processes. The exchange between different approaches will certainly lead to a differentiated and valuable analysis.

The target group of the project consisted of Small and Medium Sized enterprises.

The core of the project was the development of a “handbook”/tool on the basis of a handbook that has been developed and tested by the Belgian partner, into 10 languages. The handbook outlines case studies and stresses the importance of the responsible entrepreneurship for the long term economic success of a SME. The handbook can serve for purposes of business consultancy, training, seminars etc. Based on the

adapted book the partner will develop a 25 hour VET curriculum on Responsible Entrepreneurship. The partners will furthermore offer in total over 40 local seminars aiming at involving their members in the process of re-considering their business strategy in the light of responsible entrepreneurship issues in order to gain long term competitiveness.

An interactive Business Game has also been developed. It was supposed to encourage entrepreneurs to find out more about how to benefit from Responsible Entrepreneurship.

The game, the handbook, the planning of the local seminars, news and web links on Responsible Entrepreneurship (projects and initiatives) are available on the project website.

Three so called “train the trainer” sessions have been held for the project partners. A final conference summarised the project process and its results.

2.4. SMEs’ knowledge and application of the CSR issues

2.4.1 CSR inside Romanian SMEs

Corporate Social Responsibility is not a matter regarding only big enterprises; SMEs can also be involved and encouraged to develop activities in this field, but they are not very aware about the meaning and the importance of these actions and also about the advantages of adopting a real CSR strategy. SMEs have a defensive attitude towards planning a sustainable strategy, since they don’t fully understand its usefulness, or they don’t have the appropriate resources to implement it. On the other hand many SMEs complain about the lack of funds for introducing CSR strategies in their activities, that is why such actions are expected from big companies.

Even if dedicated articles appeared in newspapers, web-sites (www.responsabilitatesociala.ro, www.csr-romania.ro), different seminars, workshops and conferences, more and more awareness campaigns are still necessary, CSR being a new domain for the Romanian SMEs. In fact, SMEs are not familiar with the whole CSR concept, but they are familiarized only with some components of it. Information on CSR tools are still insufficient: for example, SMEs declare the need to know more about the existing certification systems. It’s very helpful the importance given by the governmental bodies in order to support CSR for SMEs by adopting laws or specific regulations, but many SMEs still complain about the lack of proper legislation and about not enough support from the authorities.

In order to implement CSR for SMEs, financing programmes have been developed supported by the EU, the Romanian Government or by the civil society. One of the most important programs in which CNIPMMR is involved is the above described “Mainstreaming Corporate Social Responsibility (CSR) among SMEs” (www.csr-for-smes.eu).

It’s important to underline the fact that in Romania there are not enough specialists in the CSR field. Within the majority of SMEs having a small number of employees, managers consider that they can not afford to hire a specialized person for this kind of activity. Moreover, adopting a CSR strategy does not ensure an immediate positive result or profit and that is why many managers consider that they do not have enough time to wait, they want an immediate profit.

In Romania, even the negative factors presented above affect some SMEs in implementing CSR in their activities, even if there are many cases of good practice identified and promoted among other companies by using different kind of dissemination channels.

2.4.2 Case studies

1. S.C. GALFINBAND S.A.

Company	S.C. GALFINBAND S.A.
Business sector	Design, execution, trade of metallurgical products and installation.
Address	2 bis Smardan Street, Galati, 800701, Romania
Telephone	+40236-833101
Email address:	office@galfinband.ro
Web site:	www.galfinband.ro
Number of employees	132

Company and CSR processes presentation

Founded in 1984, GALFINBAND was initially a part of the Research and Design Institute for Flat Products and Metal Coatings in Galati. In 1991 GALFINBAND became an independent joint-stock company. Given the technical level of endowment, the highly-skilled personnel, the financial position and the managerial capability, GALFINBAND can be considered one of the medium size companies which could achieve outstanding results, thanks to the flexibility and efficiency of its decision-making factors.

GALFINBAND is a Romanian metal manufacturing company with 132 employees, specialised in the production of cold-rolled steel strips, lacquered packing steel straps and cored wires.

In the past years, GALFINBAND has diversified its activities in the area of automation and computer controlled metallurgical technologies. As a result of the co-operation in this area between GALFINBAND and the *Ministry of the Research and Technology in Romania*, GALFINBAND is presently providing technological installations, industrial automatic systems, communication systems, competitive integrated systems for the control of industrial processes.

The company also understands the need to increase the motivation of its own employees through the continual development of employee skills. This initiative, coupled with the donation of funds, time and expertise to improve local educational standards, gives Galfinband the possibility to select and train the best people while contributing to the local community and has made Galfinband the preferred employer in its region.

The growing interest of the business partners in company's products comes as a consequence of its efforts in improving the research-development activity which is an important possibility of increasing the company's profitability.

Due to the efficiency and the openness of management and the technologies which are similar to those used by the best western companies, GALFINBAND is a reliable partner both for domestic and foreign firms interested in co-operation relationships.

Working in a sector that has a significant impact on the environment, Galfinband approaches all its activities with an environmentally responsible attitude. The company also understands the need to increase the motivation of its own employees through the continual development of employee skills. This initiative, coupled with the donation of funds, time and expertise to improve local educational standards, gives Galfinband the possibility to select and train the best people while contributing to the local community and has made Galfinband the preferred employer in its region.

Galfinband could become a successful CSR SMEs, since it is one of the first to implement and seriously use ISO standards. The Quality System implemented - ISO 9001-2000 is for the following domains: cold rolled steel strips, coated or not-coated, anti-corrosive protected steel straps, for packing, industrial automations and communication systems. ISO 9001:2000 is the standard that provides a set of standardized requirements for a quality management system.

One of the main objectives of GALFINBAND is based on communication. An efficient communication can have a positive impact, especially by opening new business opportunities.

Communication regarding the environment refer to the company actions towards environment protection through initiatives that help conservation of energy or water, that reduce use of dangerous chemical substances and that reduce generation of waste.

Communication regarding the jobs are focused on the innovative actions initiated by the company, improving the working conditions, wages, benefits, or creating new jobs. These actions actually regard the balance between family and work.

Communication regarding the community are focused on the voluntary activities of the company, donations or sponsorships.

What CSR represents for the company

For GALFINBAND social responsibility is a concept through which the company decides voluntarily to contribute to a better society and a cleaner environment. This concept means reaching the commercial success in an ethical manner, with respect towards people, community and environment .

Individual responsibility	The intensive participation of employees in community support actions.
Responsible management of the company	- SC GALFINDBAND SA involved itself in CSR activities and wants to continue doing this, because it considers that this feature is important for: customers' loyalty, for employees' work environment and also for the public image of the company. The strategy of the company involves

	<p>social responsibility towards the environment, the security and health field and provides a better work environment for the employees.</p> <ul style="list-style-type: none"> - GALFINBAND has engaged in a responsible commercial activity and considers that it must set an example. <p>They have voluntarily decided to contribute to build a better society and a cleaner environment. They want to achieve commercial success in an ethical manner, with respect towards people, community and environment. This means answering the legal, ethical, commercial, or any other kind of expectations that society has towards companies, and taking decisions, that will balance the needs of all those who play a part in the company life.</p>
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How the company implements CSR

INTERVENTION AREAS	ACTIVITIES	ACTIONS
HUMAN RESOURCES	Concern for its employees	<ul style="list-style-type: none"> - Favouring the motivation of the employees and develop their skills in order to have more efficient and motivated employees, by improving working conditions, wages, benefits; - Offering some of the company profit for local development and improvement have had a positive effect upon the moral of employees, as they could see the proof of company support to the community they live in.
	Training	SC GALFINBAND SA ensures training for its employees in order to develop their skills.
PARTNERS	Maintaining partnerships and establishing new ones.	<ul style="list-style-type: none"> - Partnership with the local University, with the purpose of offering students possibility to improve their IT abilities; - Finding new business partners in various fields, such as waste treatment, with whom to collaborate.
CUSTOMERS	Ensuring customers satisfaction	<ul style="list-style-type: none"> - "THE MAIN GOAL OF OUR EFFORTS IS COMPLETE CUSTOMER SATISFACTION." - All the products used in the manufacturing process should be of high quality, safety for the clients; - Fair prices; - Customer satisfaction survey; - Respect marketing ethics.
SUPPLIERS	Strong relations with suppliers	All the suppliers are carefully selected and strong relations are built with them, so that all the products used in the manufacturing process are of high quality, safe for the clients and for the environment.

GOVERNMENT, LOCAL ENTITIES, PUBLIC ADMINISTRATION	Good relations with public institutions and local authorities	-important contracts with the Romanian central administration (<i>Ministry of the Research and Technology in Romania</i>), which could be the start of a future corporate collaboration; - Maintaining a good reputation towards the local authorities, Galfinband is one of the most preferred employers, due to its policy towards employees and their families.
CIVIL SOCIETY	Involvement in a CSR project for helping the local community	Under the United States Agency for International Development and the Romanian Chamber of Commerce's joint Corporate Social Responsibility Programme, SC Galfindband equipped an IT laboratory within the "Simion Mehedinti Vocational School" in Galati.
	Sponsorship and support for the local activities	- Financial support for a modern IT centre with 14 computers, equipment and access to the Internet for «Simion Mehedinti» Highschool in Galati. - Stimulation of employees' children who have good results in school for all forms of education, by awarding them annual prizes
	Relations with media	Galfinband sometimes publishes information regarding its socially responsible activity.
ENVIRONMENT	ISO 9001-2000	The Quality System implemented is for the following domains: cold rolled steel strips coated or not-coated, anti-corrosive protected steel straps, for packing, industrial automations and communication systems. It ensures that the chain supply-customer is completed in a quality manner. All the suppliers are carefully selected and building strong relations with them, so that all the products used in the manufacturing process should be of high quality, safety for the clients and for the environment. SC GALFINBAND SA is concerned about safety of products, suppliers control, customer satisfaction survey, total quality of the production chain.
	Responsible attitude towards the environment	- Minimizing and recycling wastes - Teaching the employees to be sensitive to environment issues so as to act as positive examples within the local community.
GOOD MANAGEMENT	Application of the EU standards and regulations.	The management of the company is interested in applying EU standards and regulations.

2. S.C. ICEMENERG S.A.

Company	S.C. ICEMENERG S.A.
Business sector	Research and technological engineering services for the increase of electric and thermal energy efficiency
Address	8 Energeticienilor Blv., Bucharest, district 3, 032092
Telephone	+ 4021 346 27 69; + 4021 346 27 72
Email address:	icemenerg@icemenerg.ro
Web site:	www.icemenerg.ro
Number of employees	215

Company and CSR processes presentation

SC ICEMENERG SA provides scientific research and technological engineering services for the increasing of electric and thermal energy efficiency over the entire energy chain, including energy production, transmission, distribution and consumption, in the context of ensuring a sustainable development and Romania's integration into the European Union.

Company's objectives are the following:

- Maintaining the present traditional market: the electricity and heat production, transmission and distribution companies;
- Increasing its share on the market of electricity and heat consumers;
- Ensuring a fair financial balance between salaries, operating costs and endowment;
- Upgrading, retrofitting the necessary equipment for the smooth delivery of research and engineering services;
- All the objectives set out in the past few years that keep in touch with the changes within the business, social and judicial systems and last but not least, the changes brought on by Romania's integration into the European Union starting as of 1 January 2007.

Among the goals set out we can point out the following:

- Widening the range of applied research and technological engineering services by entering new markets and taking on challenges in new fields of activity (including entrepreneurship);
- Diversifying our client and partnership portfolios;
- Adding value to our profession by attending top national and international events in the energy sector.

The company benefits from a highly qualified staff, that is well trained and flexible in the face of all challenges that have appeared in the Romanian business environment. The human resource is the most important resource and must be motivated in order to be a successful company. In this way, SC ICEMENERG SA intends to develop some projects for its employees by taking into consideration their needs.

SC ICEMENERG SA coordinates different kind of projects such as:

- "Greening of houses from biosphere reservation of Danube Delta area promoting new technologies for adaptation and sustainable restoration of environmental". The project aims to support the international efforts for the protected areas and natural reservations preservation, for the integrated management of these zones, so that the existing ecosystems be protected against anthropic factors. The project combines the economic, social and sustainable development objectives of the settlements located in the "Danube Delta" Biosphere Reservation, from an European perspective, by adapting regulations and life standards of the inhabitants at the level imposed by E.U.

Promoting of environmental protection technologies, with an innovative character that can be applied for preventing, diminishing, adapting and restoring the natural and artificial environmental factors, will lead to the development of an integrated protection zone for preserving biodiversity.

- „Integration of Romanian research into the European research area for ensuring sustainable development of the protected zones of international interest". The project aims at contributing to the integration of the Romanian research activity within the European Research Area (ERA), focusing on the research for the sustainable development implementation in the protected areas of international interest, especially in the „Danube Delta" Biosphere Reservation. It also promotes Romanian researchers' participation in the European research programmes (the 7th Framework Programme).

The activities carried out within this project support the international efforts for the protected areas and natural reservations preservation, for the integrated management of these zones, so that the existing ecosystems be protected against anthropic factors.

What CSR represents for the company

Individual responsibility	The employee is not only an important resource for the organisation, but also plays an important role in the community.
Responsible management of the company	The company is aware of the need to focus more on processes and services for protecting and conserving our air, water and soil for future generations. ICEMENERG offers a unique array of services and professional advice in matters related to environmental protection from the effects of equipment and processes used in the energy sector.

How the company implements CSR

INTERVENTION AREAS	ACTIVITIES	ACTIONS
HUMAN RESOURCES	Concern on identifying employees' needs	<ul style="list-style-type: none"> - The human resource is the most important resource. Every company should motivate, encourage and appreciate its employees, but also should amend them if it's necessary. The CSR activities undertaken by SC ICEMENERG SA aim to meet employees' needs. -Protect employees' health taking into consideration the specific work conditions in the energetic field of activity.
	Training	-Employees participate at trainings and seminars in order to improve their competences.
CIVIL SOCIETY	Concern regarding the impact of company's activities on the civil society	SC ICEMENERG SA received the certificate issued by the Ministry of Labour and Social Solidarity recognizing the competence to carry out environmental, bio-toxicological and microclimate determinations for establishing the working places, with special work conditions, within the power system.
ENVIRONMENT	Preoccupation for a better environment	<ul style="list-style-type: none"> - SC ICEMENERG SA is certified with ISO 9001 for the following activities: research and development, engineering, expertise, diagnosis, consultancy and information-documentation in the thermal power, hydro power, electric energy, environmental protection, information technology, automation fields. - About 10% of the SC ICEMENERG SA turn over is assigned to provide services in point of impact of the energetic services on the environment (the restauration of the areas from the proximity of the stations that produce thermal and electric energy) - SC ICEMENERG SA coordinates projects related environmental issues.

3. S.C. TUV KARPAT S.R.L.

Company	S.C. TUV KARPAT S.R.L.
Business sector	Quality management systems certification
Address	2 Octavian Goga Bly., 8 th floor, 7 th room, 3 rd district, 030982, Bucharest, Roma
Telephone	0040-21-3190170
Email address:	office@tuvkarpat.ro
Web site:	www.tuvkarpat.ro
Number of employees	4

Company and CSR processes presentation

S.C. TÜVKarpat S.R.L. is a German-Romanian company builded in 2006 in Bucharest, by the well known organizations TÜV Thüringen (Germany) and The Chamber of Commerce and Industry of Romania (CCIR). By setting up the new company the two associates put together their international expertise and good connection with the business community.

TÜVKarpat has, as a main objective, not only the specific activity of a representative of a Certification Body, but also the promotion to the Romanian business community of the culture of quality.

Through TÜVKarpat, the accredited certification body of TÜV Thüringen offers to the Romanian companies and organizations the opportunity to certify the management systems in the following fields:

- Quality Management Systems: ISO 9001: 2000
- Environmental Management Systems: ISO 14001:2004
- Systems for food safety: HACCP
- Systems for health and occupational security OHSAS 18001
- Certification of personnel
- Certification of products

TÜVKarpat has a team of professionals, anytime ready to respond promptly to any requirements of our clients. At the same time the auditors and experts appointed by TÜV Thüringen are competent to check the management systems in accordance with the rules and standards established by the certification body.

TÜVKarpat, as a representative of certification body of TÜV Thüringen, has more than 300 clients – Romanian companies and organizations – from different fields of activity. There has been realized certification audits, surveillance audits and recertification audits.

By contacting TÜVKarpat, the Romanian companies receive a questionnaire, and by filling in the different fields they express their option concerning the management system to be certified.

Together with important training centres TÜVKarpat organizes training courses in the following fields:

- Presentation of QMS standards ISO 9001 and ISO 14001;
- Internal auditors for quality and environment;
- External auditors for quality and environment;
- Presentation of systems for food safety HACCP.

TÜVKarpat involved itself in CSR activities, mainly directed to employees, customers and environment. The company intends to strengthen the relations with its employees and for this reason manifests a permanent concern for the working environment, the employees' safety and their training needs. Moreover, TÜVKarpat is strongly engaged for an efficient communication with its customers in order to find out which are their preoccupations and satisfactions related to the offered services in order to improve and adapt these services.

TÜVKarpat is certified with ISO 14001 and organizes training courses on environmental issues.

What CSR represents for the company

Responsible management of the company	The company's goal is to develop permanently their corporate social responsibility activities and to participate to national and international financed projects on CSR. TUVKarpát intends to introduce CSR modules in its future training courses. The company believes that the environment belongs to each of us and we have the moral duty to protect and to keep it clean.
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How the company implements CSR

INTERVENTION AREAS	ACTIVITIES	ACTIONS
HUMAN RESOURCES	Concern for the employees	<ul style="list-style-type: none"> - preoccupation for the working environment (good conditions of work), office equipments (performant computers), working schedule (flexible working hours) and employees' safety; - ongoing communication between employer and employees (permanent employer-employee dialogue).
	Training	TUVKarpát ensures internal and external specialized training for its employees: -on occupational health and safety (OHSAS) -on the specific characteristics of their activities (quality management, environmental issues etc.)
CUSTOMERS	Concern for the customers	<ul style="list-style-type: none"> - the customers feed back is very important for the company; - communication with the customers in order to find out which are their interests and satisfactions related to the services provided by the company.
ENVIRONMENT	Concern for the environment	TUVKarpát is certified with ISO 14001 and organizes training courses on environmental issues.

CROATIA

2.1. A national overview on CSR issues

The notion of the CRS in Croatia is still reconducted entirely to the donations offered by the companies, that are often not so valuable, in order to their true and effective scope.

Only in isolated cases, it is a way to create and manage a good public relation. This fact is confirmed by a research conducted by the Zagreb School of Economics and Management. According to it, the society is still not aware of the fact that the CSR is not only a matter of donation but a responsible relationship of a company towards its employees, local community and environment. With such a low-level awareness on the CSR, it is easy to manipulate with the public image of a company. However, there are very good CSR companies although they are not so many (there are approximately about 200 companies considered to be socially responsible companies). Compared to the rest of the society and the State itself that are unaware of the CRS principles, the business sector is much more advanced in performing CSR practice. In short, companies are leaders in spreading and implementing CSR.

It is very important that government has a much more proactive role but it can be better achieved only if it is based on the cooperation and partnership with all stakeholders. CSR practices are relatively frequent in the sectors of workplace quality and safety, consumer protection, environmental protection, community investments and partnerships. However, the progress in the CSR area is still noticed in Croatia in the last four years.

Within the strategic documents of the Government, there is a National Strategic Development Framework for the period 2006-2013, prepared by the Central Government Office for the Development Strategy and Coordination of the EU Funds. The document serves to give a framework for developing specific substrategies and programming the EU pre-accession funding based on the priorities of the Government. Herewith, the CSR is generally mentioned in the chapter referring to the social cohesion and social justice. It is also included into six government goals with the following proposed actions: formulate government guidelines and recommendations to companies for establishing transparent corporate donation programmes as well as establishing CSR national awards.

2.1.1 Legal framework

In Croatia, there is no law that directly refers to the CSR. It is noticed that the regulation for the CRS issues are even overregulated so that in the EU countries some social issues considered as a way of doing business are strictly regulated by the law or on the contrary they are not regulated at all. Another issue which is not only specific for the issue of the CSR is when a need exists to monitor and follow-up the implementation of the existing laws.

On the other side, there are no obstacles for the companies to apply socially responsible behaviours.

Law on Privatisation gives the criteria for the selection of the most favourable offer to buy a state-owned company which includes keeping of productive jobs and requires a certain degree of investement in the company. The Croatian Privatisation Fund's tenders regularly include the condition to comply with the signed collective contracts.

2.1.2 Disabled persons

As regards disabled persons, there is no legal obligation for certain business sectors (such as telecommunications or electricity) to ensure easy access to their services, as in some other EU countries. There is a National Strategy which regulates the position of disabled persons giving clear directives on the employment policy, mobility and access to public and residential premises. Nonetheless, examples of the companies which go beyond the law requirements are rare.

2.1.3 Public procurement Act

This Act states the right to participate at the procurment procedures for those companies which employ at least 51% of disabled persons out of the total number of employees. When such a qualification is needed, the environmental management measures are also required. In addition, the Manual for Contracting Authorities allows to take into account the social and environmental policies as an additional criteria for the economically best tenders.

2.1.4 Tax benefit

This seems to be an important initiator for companies to engage into CSR activities. In Croatia, there are two laws regulating the donations of the business sector up to the 2% of the total income of a company (Law on Tax Profit and Law on Tax wage). It is considered as an expenditure and it decreases the tax base. It is also possible to have higher non-taxed donations with the permit issued by the Ministry of Finance.

2.1.5 CSR index

Although Croatian companies tend to be favourable to engage in the local communities, they do not have a habit to monitor these activities, nor to measure their economic benefit. Therefore, companies often do not realise the concrete added value that this engagement brings. This will be breached by this project aimed at developing a methodology and index to measure the CSR of the Croatian companies. It started in 2006 and is still being implemented. The project aims at regulating the CSR arena by introducing clear criterias that will contribute to distinguish a company responsible towards its community, employees and environment compared to pure philanthropy. The criteria are defined in six areas: economic sustainability, inclusion of the CSR in the corporate strategy, working conditions, protection of the environment, market relations and community relationship. It is developed on the basis of other methodologies such as Dow Jones Sustainability Index and Business in Community CR index. The aim of the methodology is to enable Croatian companies, in accordance with the international practice, to realize an objective evaluation of their best practices and mutual comparison. The process itself will consist of points gathered in the above-mentioned areas and will result in receiving a CSR award. It is worth mentioning that in the latest Global Reporting Initiative research, one Croatian sustainable development report has been selected among 10 international companies as an example of food industry. Thus, the Croatian company operating in the region of South-East, Central and Eastern Europe has entered the world league.

The project is jointly created by the Croatian Business Council for Sustainable Development and the Croatian Chamber of Commerce, the latter traditionally awarding the best Croatian companies and thus, the CSR criteria is entering already existing ranking criterias.

It is planned that the first results of CSR index will be published in the course of this year

2.1.6 First CSR Conference

An important event, often mentioned as a point which had potentials to mark the beginning of the CSR coordination at the national level or cross-sectoral approach, was the first Conference on the CSR held in 2004. It gathered about 150 representatives of companies, business associations, academics, trade unions and civil society. At the Conference, the Agenda for 2005 was adopted defining the main areas of action and possible improvements for the companies in their practice of the CSR. The Agenda 2005 disseminated an important message of the need to raise the awareness of the CSR in Croatia, bearing in mind the accession process to the EU market. Although the national body or coordination is not existing, the CSR issue has resulted in creating a community of practice. Today, there are about 200 companies that declare to have accepted the CSR as a part of their values or strategic operations.

2.1.7 Medias

There is a high need for the media to contribute to the process of raising CSR awareness in the society. Very rarely a media would cover a CSR best practice. The examples of the big companies are often presented as they can financially support the media promotion. Many companies that do CSR practice remain unnoticed largely due to the media ignorance. One event which was noticed at the end of 2007 in the media was the activity of the newspaper *Business.br* aimed at presenting ten CRS projects, examples of best practice, without ranking them. The jury consisted of experts ranging from business to academic circles. Every member of the jury had a task and freedom to nominate CSR project of the year following any of the CRS criterias. The aim was also to present those projects that are really based on moral and social values, very often not promoted through the media.

2.1.8 Educational aspect

There is no systematic education on the CSR principles although some business schools have introduced the CSR issue as a separate subject and there are various seminars covering specific CSR areas. Increased number of courses, be it mandatory or optional, are offered at universities, both private and public. At the moment, five educational institutions are offering it.

2.1.9 Major players

This paragraph will describe only few of the major players that create a community of practice in Croatia and some of their major core activities.

The leading business association which focuses its work on the dissemination of the sustainable development is Croatian Business Council for Sustainable Development established in 1997. The non-profit organisation gathers 40 members. The CSR Community of the Croatian Chamber of Economy was founded in 2005 with 80 members. It orientates its work defined in five objectives aimed at preparing companies to enter EU market with the CSR knowledge. The Croatian Employers' Association is the strongest voluntary business association and the only employers' organisation represented in the Economic and Social Council. The Association founded in 2005 a strategic project called Coordination of Sustainable Development in cooperation with the Croatian Business Council for Sustainable Development. The Croatian Association of Managers and Entrepreneurs was founded in 1990. Although the CSR is not its core activity, it was one the first business associations which highlighted the importance of business ethics.

On the civil society scene, the most visible one is Green Action. For the last 15 years, it has been running a Green telephone project where citizens report environmental problems in their communities. Odraz (acronym for community sustainable development) was one of the first organizations to organise a round table on the CSR issue in 2004.

The major academic institutions that actively promote the CSR issue are the Institute of Economics and the Faculty of Economics both based in Zagreb.

Regarding the consultancy, Croatian Center for Cleaner Production is to be mentioned as an non-profit organisation that offers technical assistance to companies free of charge or at subsidised prices. MAP consultancy is a social development consultancy which produced in 2004 the first sector-wide research called *Overview of the CSR*, in cooperation with the IBLF and AED. Selectio is the main job-search and head-hunting company. It uses its core competences to promote the CSR services that are relevant to the business sector such as *Employer, the partner*. In addition, Selectio has launched a non-profit web portal offering a catalogue of non-profit projects which seek corporate donations. It further introduced the Annual Corporate Philanthropy Award.

Out of international development organisations, the following have to be mentioned. The USAID has introduced the CSR concept and terminology in Croatia. It also commissioned the AED to produce one of the first comprehensive studies on the CSR in Croatia. The UNDP has developed the *Business partnerships* programme to support initiatives aimed at, among other issues, promoting CSR and sustainable development. In addition, it launched the CSR web portal to provide information to a wider public.

2.2 The national legislation on employment and labour security

2.2.1 Labour market situation

This chapter will describe the labour market and the legislation on employment and security with a particular attention to flexibility working forms, work life balance and life long learning mesures.

Employment

The Croatian population amounts to 4.500.000. The number of young persons entering the labour market has been decreasing and will fall further in the future. According to the labour force survey, the overall employment rate is increasing i.e. the rate of the population aged 15-64 increased from 51.6% in 2001 to 55.4% in 2006 and will continue in both 2007 and 2008 by 1.8% and 0.8% respectively. The development of employment rates of most age and sex groups has followed a similar pattern over the recent years, reflecting the impacts of economic growth, education and the pension reform. However, the rate is significantly lower than in the EU. The structure of employment is moving towards a greater role of services and the private sector share of employment. Most new jobs have been created in small and medium size enterprises. The participation of women and old persons should increase in the medium term to offset the effects of the ageing of the population on the overall employment rate.

Flexible forms of employment

The extent of fixed-term in Croatia is similar to that of the EU. According to Eurostat's estimates, the overall share of fixed-term contracts in 2006 was 12.9% in Croatia compared with 14.9% in the EU. It seems that the share of fixed-term contracts are equally distributed between men and women in Croatia as

it is in EU. However, data from the Croatian Employment Service show that more persons who leave the unemployment register are hired on a fixed-term contract, usually first time job seekers and newly employed. It also involves seasonal employment which makes a significant part of total employment, particularly in the coastal area of the country. A recent analysis suggests that there is a tendency that the fixed-term contracts are for very short periods (less than 6 months) with mainly young people and low-skilled people thus arguing that this has led to an increasing segmentation of the labour market.

Part-time employment is used to a lesser extent than in the EU-25. In 2006, 9.4% of the total employment is working in part-time employment compared to 18.8% in EU, with predominantly a female phenomenon. The share of men is at the same level in Croatia and EU-25 (7.5% vs. 7.7%). The possibility to work part-time is a key factor in raising female employment. However, the growing demand for child services in Croatia is not met which presents an obstacle for the access of women to labour market. Another obstacle are the costs related to work life transport and childcare which could mean that the expected net return from part-time work is still too low. On the other hand, approximately some 30% of the women working part-time in 2006 state that they would like to work full-time.

Obstacles to use part-time work also concern social security and health insurance contribution. The lowest employer contributions are based on the minimum wage of a full-time employee and thus a part-time employee at low wage becomes more expensive than a full-time. To find an effective way to increase part-time employment without decreasing full-time employment will be a part of the future employment policies.

Equal opportunities

According to Eurostat's data, the difference between the employment rate of men aged 15-64 and the employment rate of women of the same age in 2006 amounted to 11.2 percentage points (the difference is smaller than in the EU). Similar shares of the employed of both sexes work in highly skilled occupations, while women work more in non-manual occupations, in services and in dependant employment. Wage disparities exist between men and women but the wage differential seems lower than the EU average. The sex difference in the employment rate disappears with higher education. In addition, women, particularly young ones, have a greater share of the high education than men. Moreover, the number of graduates is much higher for women than for men. Education policy thus strongly affects the labour market position of women. Measures to increase the number of higher education graduates even further, together with the enlargement of the service sector, will increase the employment rate and earnings of women, and thus reduce the difference between the sexes further.

Health and safety at work

This area has been covered by law and monitored since 1996 and substantial amount of statistics exist in the area. The total number of injuries has increased since 2003 but the ration of injuries per 1000 employed persons has remained stable. It is assessed that only 25% of the cases of occupation diseases is reported. The area needs further monitoring and more analysis are necessary for the general trends in the number of injuries. In addition, awareness raising and clear rules for reporting should be sought.

2.2.2 Employment policies: situation, development and priorities

Pre-school and basic education

The Croatian National Educational Standard (CNES) was created as a basis for the changes in the teaching programme and work methods in basic education. The goal is to develop the „school tailored to pupils“. By the 2006/07, the CNES was introduced in all elementary schools.

The enrolment in basic education, the pupils/teachers ration and the average class size have been decreasing in recent years. A reform of curriculum has reduced the pupils' workload and modernised teaching methods. Regarding material conditions, a main priority is to increase the number of schools with one shift and with the option of full-day attendance. In addition, the enrolment of children in kindergartens and pre-school activities need to be increased. That will contribute not only to the quality of education but also to the labour force participation of mothers with pre-school children.

Upper secondary education

The overall number of students in vocational schools has decreased for demographic reasons, but enrolment in 4-year programmes has increased. The institutional basis for modernisation of vocational education and its adjustment to the labour needs have been set up. One of the priorities is to prolong compulsory education and to increase the share of graduates with the purpose of stronger social inclusion and cohesion. In order to modernise vocational education and make it more adequate to the needs of the labour market, the Agency for Vocational Education was established in 2005. It developed a strategic framework for the vocational educational reform. It also contributed to the development of the National Qualifications Framework which will be compatible with the European counterpart. The Council for National Curriculum was established to work on the national curriculum development strategy to achieve a modern national curriculum which would promote the acquiring of competences needed in a knowledge-based economy. Furthermore, the Sectoral Councils, which will enable employers to influence the curriculum of vocational schools, were established within the framework of the CARDS projects. In addition, Local Partnerships were established and both structures aim at enabling local stakeholders to help reducing mismatch between the occupational structures of labour supply and demand. On the other hand, further concrete steps towards adjustment of vocational education to the labour market needs have to be taken. The current development of upper secondary education in general and vocational education is based on the priorities set up in the Education Development Plan 2005-2010.

Tertiary education

The number of students and graduates in tertiary education has grown strongly in recent years (by 51% between the school year 1997/98 and 2006/07). The participation is relatively high but the graduation ratio seems to be low and the structure of graduates is not satisfactory. In order to increase quality and efficiency of tertiary education, a large reform has taken place under the Bologna process signed in 2001. The Agency for Science and Higher Education and the National Council for Higher Education, two independent bodies to oversee the development and quality of the higher education system were established. The Bologna process has introduced new educational levels which need to be recognised by employers. In addition to the continuation of the reform, there are several policy priorities particularly relevant for the labour market: to increase the number of higher education institutions in less developed regions, particularly polytechnics and schools of professional higher education; to significantly increase the number of graduates; and to increase enrolment in the technological studies. Finally, a comprehensive and reliable database on students and graduates, at both tertiary and lower levels, is an indispensable basis for statistical analysis and information, and high priority has been given to the construction and development which is already taking place.

2.2.3 Legal provisions, employment protection legislation

The new Labour Law entered into force in 2003. It amended the former labour act and covers both the public and private sectors. The law mostly follows the EU “acquis” but will be amended in the future to be fully aligned with the EU “acquis”. The new provisions in the law mainly concern the easing of the rules for the severance pay and notice period in order to make employment protection less strict and labour market more flexible. The prohibitions of various kinds of discrimination including equal opportunities are covered by the labour law. Health and safety at work is also an integrated part. In the future, the law will have to be amended for annual leave which currently is below the required level in the EU acquis. The labour act does not apply to employees of foreign employer. Additionally, several shortcomings need to be addressed with regard to fixed-term and part-time work, transfer of undertakings, collective redundancies and employers insolvency. The timeframe for adoption of the remaining legislation was 2008.

Anti-discrimination

Currently, a separate act, dealing with a national policy or strategy on combating discrimination, does not exist nor the National Strategy and action plan on preventing all forms of discrimination have not yet been adopted. Discrimination is at present tackled in a number of laws, programmes and strategies, especially the Labour Law.

The Labour Law covers all areas of discrimination considered in Article 13 of the EC Treaty plus additional areas and it defines direct and indirect discrimination and exemption from prohibition of discrimination. It prohibits harassment in general and sexual harassment in particular and also shifts the burden of proof

to the employer, if a worker or a job seeker presents facts that suggest that the employer may have acted discriminatory.

Regarding the integration of disabled persons, the government bodies and public services have an obligation to employ disabled people and their share of employment in these services should be at a level of 6% by 2020 as provided by law. Croatia was one of the first states that signed and ratified the United Nations Convention of Rights of People with Disabilities and its Optional Protocol. However, the legislation by sectors does not ensure efficient and complete protection against discrimination.

Equal opportunities

The basic legislation in this field is largely in place. Equal pay is regulated in the Labour Act and pertains to all employees including civil servants. All types of discrimination or any type of harassment in relation to access to employment and working conditions, to vocational training and to promotion is prohibited. It is regulated by the Labour Act, the Gender Equality Act and the Same-Sex Unions Act. Job vacancies must be advertised in such a way that persons of both genders can apply. The main problem that women encounter in the labour market relates to child care and maternity care. These rights are guaranteed by law but are not consistently enforced. Further provisions appear necessary with respect to different retirement ages for women and men in the police, military and civil service. Certain shortcomings concerning parental leave, maternity benefits, and excessive compulsory maternity leave will also be addressed. Legal adjustments will include removal of overprotection of women in relation to night work, physically heavy work, underground and underwater work. It can be concluded that some work was done in the area of equal opportunities. Most of the laws and national policies and programmes were adopted only recently and the outcome still needs to be monitored.

Health and safety at work

As regards the framework on health and safety at work, application of safety rules and related health protection measures shall not entail any cost for workers. The basis for the application of occupational health and safety is the preparation of a risk assessment by the employer representatives, that should be provided as well as regular medical check-ups and all the workers, except for armed forces, police and domestic servants, are covered.

Work place is defined in the legislation adopted in 2005 and existing premises need to be in accordance with this definition within four years and new buildings within three years from the entry into force. Legal provisions exist on use of work equipments as well as on personal protective equipments. The employer must provide the appropriate personal equipments and ensure that the employees use them while working.

The legislation for some dangerous substances and few other areas (e.g. temporary or mobile construction sites) is not yet in place. The timeframe for adoption of remaining legislation in the area of health and safety at work is 2007-2009 as arises from the Action Plan.

2.2.4 Employment protection legislation

It is stringent and thus contributes to more stable employment relationship but it also tends to favour insiders and worsen the employment prospects of those groups that are most subject to problems of entry in the labour market. The table in the annex illustrates this by presenting summary EPL indicators for selected CEE countries using the OECD methodology (annexed table).

2.2.5 Employment challenges and priorities for action

A good policy mix of macro, micro and employment policies is a necessary condition to keep Croatia on track of a sustained, non-inflationary economic growth maintaining the country's competitiveness and generating employment growth. Further labour market reforms are crucial for acceleration of Croatia's progress towards full employment, higher quality and productivity of work and social and territorial cohesion.

Priorities for action are:

- attract and retain more people in employment, increase labour supply and modernise social protection systems
- improve adaptability of workers and enterprises
- increase investment in human capital through better education and skills
- good governance

2.3. The Croatian Employers' Association measures for better understanding of CSR meanings

2.3.1 International Organisation of Employers (IOE) – views of the international employer community

The CEA is a member of the IOE that has a particular understanding and knowledge of the various international labour instruments that are the most common for companies in the CSR debate. The IOE opposes to initiatives which seek to oblige companies to engage in the CSR. It supports the ILO Tripartite Declaration of Principles concerning the Multinational Enterprises and Social Policy, as point of reference of the International Labour Organisation.

The debate concerning the role of the business sector within the society today continues. The increasing debate on CSR raised the issue of where is the line between the responsibilities of Government and the role that business can play through voluntary social action. Social actors are looking to companies to fill what they perceive as gaps or failures of State action, particularly in the enforcement of legal frameworks.

Business has always recognised that it has an important role, along other actors, in the economic and social development of its communities. Businesses face an ever-increasing range of initiatives by civil society organisations, trade unions and governments that look to the private sector to deliver not only profit, resources and employment, but also social improvement and sometimes even the non-commercial delivery of public goods. They generate employment opportunities and profits and thus, they contribute to improving the quality of life for their stakeholders. The issues they face in their operations are predominantly local ones, requiring local solutions with local actors. That social interaction is not seen by them as the CSR; it is just a part of business acting within the society.

The majority of business are responsible whether or not they are able to allocate specific resources to identify CSR initiatives. Responsible behaviour is not related to business size, nor it requires specific investments. At the bottom of the enterprises relationship with the society there are their obligations under the law, including those in the area of governance. However, the CSR stems from a business decision to move beyond compliance with the law and it is done for business reasons only.

The debate often ignores the fundamentals and the realities of how a business actively works within the society. Too often the language and rationale of the CSR are misused as non-business players seek to address the failures in the enforcement of legal and regulatory frameworks. That not only distorts what the CSR is but also undermines the status of the law.

How or whether a business can consider the CSR as an investment in addition to normal operating costs are decisions which are individual and will always be a reflection of the particular circumstances and context in which that business operates.

The debate of the role of business in society focuses on the businesses associated with the well-known brands and their capacities. This introduces a distortion into the debate and impacts negatively on smaller business which seek to enter the global market as it fails to recognise the issue of capacities and it ignores the fact that responding to a certain CSR expectations does not make good business sense. The response is that tools are needed for SMEs to enable them to become CSR actors.

The IOE believes that meeting the obligation of legal compliance should in itself be enough. Anything else must be optional and the decision not to respond to such expectations is not a failure by that business. The IOE recognises that a business failing to comply with applicable legal regulation is not acting responsibly. The key issue is to ensure that where companies are failing in their duties under the law they are held to account.

The reasons for a business to move beyond compliance and undertake a CSR initiative are many and varied. When a business is challenged about its environmental, social (labour and human rights) or economic impact, it acts initially to protect the value (which can be defined as increasing prospects of being a successful company and it includes profitability, reputation, brand image and etc.). Where businesses proactively engage in the CSR, they do so as it makes economic sense for them and through such an activity they can enhance value and most often, they also enhance their position on the market. The CSR cannot be seen as a rigid engagement but rather such engagement needs to be seen in a different context than the engagement in environmental, social or economic issues by governments.

The IOE stresses the importance to consider the following issues because every company is different and it is not possible to give a definitive view of how business engages in the CSR:

- The primary role of an enterprise in society is to succeed in its markets and deliver the product, wealth, employment and incomes that people depend upon. Expectations should never place that role at risk.

- The line between the Government and business activity is not always a definitive one, it is important to realise that governments have a clear role in society, through the provisions of certain services, such as health and education. Where governments fail to fulfil their role, enterprises may consider to play a part in filling the gap through voluntary CSR initiatives. But there are limits to what a business can achieve through the CSR.
- Enterprises are not an alternative to the government. The CSR is not an alternative to appropriate public legislation and public engagement and enterprises need to be careful to ensure that they are not circumventing national policy debates. This is widely recognised, for instance in the OECD MNE Guidelines.
- Enterprises come and go and unless the issue of sustainability is addressed by a government, the CSR initiatives may lack any long-term impact and the improvement sought may decrease.
- Other players need to realise that there are limits to a company CSR activity and should frame their expectations grounded in reality.

2.3.2 CEA's PROGRAM 2008.

It is a basic document which directs and coordinates the activities of all components of the CEA. In the CEA's programme for the 2008 the following two aspects relating to the CSR are to be noted:

Social role of employers

The CEA will respond to the challenges resulting from the process of entering the EU market by focusing on its fundamental values and mission. In its activities addressed towards its social partners, the CEA will promote and affirm the values linked to its social role and the role of employers in a more sustained manner. These values are the ones that characterised the employer who is socially motivated to initiate and create new values in the economy and society, able to take risks and ready to face new challenges of new business ventures. At the same time, an employer is socially and community sensitive and responsible.

Social partnership on all strategic issues

The employers argue that the sustainable and increased Croatian competitiveness is possible only if a consensus of all social partners on major social and economic issue exists. Therefore, the business community gathered in the CEA lobbies for the constructive and responsible social dialogue and partnership in which every partner will be ready to equally and transparently share the financial and other burdens of all the changes in the process of accessing the EU market. This has no alternatives. The CEA's priorities for the year 2008. are to promote the changes, solutions in the business environment but managing social dialogue in order to increase competitiveness of business sector.

2.3.3 Programme's priorities and guidelines of the CEA's work

Promoter and representative of employers in the labour and social relationships, social dialogue and partnership

In accordance with its role of being the only representative social partner on behalf of employers, the CEA will take a stronger role in representing its members' interests and creating favourable labour and social legislation that will contribute to the whole economy.

Labour legislation

In the year 2008, the working groups composed of social partners have actively started to work on changing labour and social legislation, such as Labour Law, Law on Job-finding Service and Rights during the Unemployment, Law on Insurance of Workers Claims in the Case of Employer's Insolvency. The CEA will lobby for flexible labour legislation whose ultimate aim is to create new jobs, balance the interests of employees for work protection and the imperatives of everyday business as well as introduce innovative ways of employment. The CEA will work on eliminating working book in Croatia according to the EU practice.

Common fight against grey economy and corruption

The CEA will be active partner of the Government in the fight against all forms of grey economy and unfair competition. The CEA is asking for a report on implementation of the Programme against Corruption. Likewise, the CEA will engage into development of the Programme against Corruption 2009-2011.

The CEA considers necessary to undertake legislative changes linked to the implementation of ethical codex, life-long learning, increase of professional skills of employees and ICT equipment.

The quality policy

The CEA has introduced the quality management system in accordance to the norm ISO 9001:2000. to confirm its orientation to be a responsible and constructive social partner by promoting major economic and social expectations.

CEA-Association of non-metal, construction material and mining

This Association is one among the 24 established in the CEA. Starting from the importance of minerals for the Croatian economy, the Association has defined four strategic directions. One of the strategic way of working is promotion of the principles of sustainable development, corporate social responsibility and ethics as well as ethical codex with the aim to be transparent towards expert circles and the society in whole. The Association has choose long-term planning in order to create predictable and motivating business environment as a base for the stable economic growth, social balance and sustainable development.

CEA-Association of Trade Employers involvement in Consumers protection

The Association has put in its programme of work continuous dissemination of information linked to the consumers' rights among its members through educational workshops, round tables or promotional events. The Association first promoted the Department for Consumers' Protection within the Ministry of economy, labour and entrepreneurship. It further continued cooperation with the Consumers' Association, organised presentation of the results of the projects CARDS 2002 "Strengthening the capacities in the area of consumers' protection" as well as promoted best-practises coming from the business sector. The CEA representative is a member of the EU negotiation team "Consumers' protection and health" as well a representative in the National Council for Consumers' Protection.

Coordination for sustainable development

One of the four strategic projects of the CEA is Coordination for Sustainable Development. At the end of 2005, the CEA and the Croatian Business Council for Sustainable Development (CBCSD) established a Coordination for Sustainable Development (Coordination). The main role of the Coordination is cooperation and representing the interests of the business community in the preparation and the process of adopting laws in the area of the protection of the environment. The Coordination has identified the following aims as the core business:

- counselling and expert assistance to the members in accepting, adopting and applying the principles of the sustainable development
- transfer of European knowledge and experience
- cooperation in the areas of mutual interest
- partnership and cooperation with key representatives of public and civil society
- mutual exchange of experience, know-how and best practise
- providing information to the public on the main achievements and new approaches in applying the principles of sustainable development

Coordination activities in the year 2008 include the following main areas:

- continue lobbying for the process of participation of the business community in preparation and putting into act laws as well as lobbying for the institutionalisation of the same process since there is a low level of accepting the know-how and experience that the representatives of the economic sector have (other stakeholders as well)
- promote the „Promotion of certification in the area of environment protection and corporate social responsibility with the aim to adopt EU legislation and foster competitiveness of small and medium-size enterprises
- organise discussions with the CEA and CBCSD members on the economic impact of EU legislation to small and medium-size enterprises and analyse examples of bad and good practice with the aim to define key economic impacts
- publish and distribute 2,000 copies of Handbook of signs on products disseminating them through the institutional and extra institutional educational systems
- organise education on the subject „Signs on products“ on the regional level

- continue informing members on new drafts of laws by organising public discussions
- continue lobbying for publishing the texts of adjustment in National Gazette and web so as to be transparent which parts are in accordance to EU legislation, and with the ultimate goal to influence the use of informatic-telecommunication technologies and creating e-society
- continue organise consultative meetings with the members on the subjects of legislative frame for the sustainable development
- continue conducting workshops/presentations with the aim to promote sustainable development tailored to the members needs

CEA member of the Global Compact

The CEA has entered the national UN Global Compact Network along with over 70 members coming from the private sector, business associations, academic and non-governmental sector in March 2007.

Cooperation with the newspaper Business.hr

The newspaper *Business.hr* started a project of selecting ten corporate social responsibility projects in the year 2007. The obligations of the jury, among who was the CEA, was to nominate one corporate social responsibility project which a member of the jury considered to be of a good practise. The project had to be chosen on the basis of any criteria of corporate social responsibility, from donations, through attitude towards employees, clients, local community or environment, to the business transparency. The aim was not to range the projects but to present ten examples of good corporate social responsibility. The CEA gave example of the company Holcim and its project of revitalisation and foresting the stone pit in the place called Ocura that clearly showed that it was possible to explore the minerals on the basis of the principles of sustainable development. By establishing such a model in Croatia on the level of the standard, it would prevent the negative perception of this industry in the general public.

2.4 SMEs' knowledge and application on the CSR issues

On the basis of the statistics in the year 2007, there are over 90% of the small and medium size companies (86% micro-enterprises with less than 10 employees). The general awareness of the SME sector is low but there are more and more activities aimed at improving it. The following examples present those SME companies which have started to implement the CSR principles and those which have the CSR experience. The companies themselves fill in the case studies.

1. IGM ŠLJUNČARA

Company	IGM Šljunčara Trstenik						
Business sector	Mineral aggregate industry						
Address	DUGO SELO, 10370, J. Zorića 70						
Telephone	01 2753 516,						
Email address:	igm@globalnet.hr						
Web site:	www.igm.biz						
Number of employees: 70							
<i>Full time</i>	70	<i>Male</i>	61	<i>Female</i>	9	<i>Total</i>	70
<i>Part time</i>	0	<i>Male</i>	0	<i>Female</i>	0	<i>Total</i>	0

Company and CSR processes presentation

IGM Šljunčara Trstenik, founded in 1968, is a leader in extractive aggregate industry in Croatia. It is located 15 km from the capital town of Zagreb, near Trstenik (Rugvica district). It includes three exploitation fields with plants for separating, rating and grinding of material. Apart from various kinds of natural and separated gravel, aggregates for concrete and asphalt and ready-mixed concrete, IGM also offers transport services and implantations of concrete with pumps. In addition, IGM can offer all kinds of services of land works and water flow regulations with floating dredgers.

"To use natural resources on behalf of man and human resources on behalf of nature" - is the vision of IGM company. The mission of our company, to be a leader in the aggregate industry in the Zagreb region, is based on the company policy of sustainable development and social responsibility, as well as principles of the eco-social-market economy.

Having in mind the essential importance of quality and at the same time, health and safety of employees, IGM certified ISO 9001:2000 and OHSAS 18001.

In this year, the company has started conducting activities in order to get ISO 14001.

In 2008, IGM has become a member of the Croatian Business Council for Sustainable Development.

Moreover, the company pays special attention to environmental awareness that is integrated in all procedures connected with the operational activities.

What CSR represents for the company

Individual responsibility	1. Individual approach to CSR includes permanent education, work improvements and raising awareness about importance of quality, health and safety
Responsible management of the company	<ol style="list-style-type: none"> 1. Responsibility of management for improving and achieving company strategies and targets. 2. Using the latest production technologies and at the same time, undertaking maximum health and safety measures. 3. Cooperation at all company levels in order to exchange knowledge and ensure improvement of integrated management system 4. Improving relationships with labour force, customers, suppliers, local community and civil society

How the company implements CSR

INTERVENTION AREAS	ACTIVITIES	ACTIONS
HUMAN RESOURCES	Internal communications and employees satisfaction management	Regularly indicating “Employee satisfaction index” by quarterly survey, use of notice boards and newsletters, personal communication, communication with trade union representatives
	Education	Training according to ISO 9001 regulations
	Health and safety	Health and safety council meetings, verification on the compliance with the OHSAS 18801, Foundation for covering costs of employees’ rehabilitation
	Motivation and bonus policy	Regularly extra bonus – Christmas, Easter and vacations Possibility to get monthly bonus to maximum 30% on regular wage, life policy for every employee
PARTNERS	Relationships	Maintaining good relationships with all partners in the society
CUSTOMERS	Customer Relationship Management	CRM including everyday contacts, taking into account customers needs, identify customer satisfaction
SUPPLIERS	Procedure for selecting suppliers	Procedure for monitoring suppliers, regularly paying our obligations, insisting on using ecological materials
FINANCIAL PARTNER	Relations with banks and other financial sector	Insisting on ethical codes, participation in solving individual employees problems with bank, paying company obligations on time
GOVERNMENT, LOCAL ENTITIES, PUBLIC ADMINISTRATION	Relations with local community, public institutions	On time payment of taxes, inclusion in solving local infrastructure investments
CIVIL SOCIETY	Involvement of civil society, charity, participation in education, assistance in culture and sport activities	Membership in Croatian Business Council for Sustainable Development, Sponsorships to local teams (Rugvica community) in football, handball, taekwondo, sponsorship to folklore group (Dugo Selo), donations for various associations of disabled persons (Dugo Selo, Zagreb, Stančić) Excellent cooperation with the local primary school in Rugvica – regular study activities “School in the nature” which take place at company’s site around lakes Sponsoring school activities, organising cultural performances on the sites (wood sculpture performances, clay modelling workshop, painting in the nature) Organising cross-country race around the lake and bike tour from Dugo Selo to the site, Organising “Open day of IGM” every year

	Relations with media	Drafting company communication plan Participation in public media (TV programs (namely "Open TV"), newspapers – local news, daily newspaper, B to B magazines (such as MINERAL, GRADITELJ,) Internet web page
	Membership in PROMINS, CEA	IGM is active member of Croatian Aggregate Association called PROMINS, CEA – Croatian Employer's Association promoting CSR
ENVIRONMENT	Management of consumptions and protection of water, soil and air	Activities on regular measuring and monitoring of all aspects of environmental protection, based on environmental protection and mining studies, introducing ISO 14001 standard
GOOD MANAGEMENT	Maintenance, growth and strategy	Long-term plan of development, capacity increasing, development of new materials, introducing sport, recreational and commercial activities
	Administration and finance monitoring of management processes	Management monitoring through strategic and project controlling

Annex I

2. ENERGO COMPANY

Company	ENERGO Ltd.						
Business sector	Production and distribution of gas and heating; management of the public illumination						
Address	Dolac 14, 51000 Rijeka, CROATIA						
Telephone	00385 51 353 006						
Email address:	info@energo.hr						
Web site:	www.energo.hr						
Number of employees							
<i>Full time</i>	<i>129</i>	<i>Male</i>	<i>106</i>	<i>Female</i>	<i>23</i>	<i>Total</i>	<i>129</i>
<i>Part time</i>	<i>5</i>	<i>Male</i>	<i>2</i>	<i>Female</i>	<i>3</i>	<i>Total</i>	<i>5</i>

Company and CSR processes presentation

Energo Ltd. was founded in 1990. It is located in the town of Rijeka. Its' main activities are production and distribution of gas and heating as well as management of the public illumination.

By now, it has no certifications.

Energo used to produce the city gas and afterwards, the mixed gas. As of October 2007, the town of Rijeka has its natural gas.

Energo controls the Public illumination that consists of:

- 12.400 lamps
- 150 km of electricity grid
- 300 electricity spots
- total power 2.3 MW

From 2002, public illumination is divided in two departments: a. maintenance and development b. investment and technical documentation. The company was the first one that had the energy consultants in Croatia.

Energo develops the public illumination following the latest achievements in this field. The main goals are:

- rationalisation of electric energy consumption,
- use of ecological illumination,
- improvement of controlling devices and
- managing illumination.

The tasks of the energy consultants are to exterminate:

- the coldness from your homes,
- big bills for oil heating or electric heating,
- waste of energy in households,
- bad experience with gas plumbers and
- ignorance and bad advices related to gas.

Corporate social responsibility is a concept by which organisations consider the interests of the society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders, as well as on the environment.

What CSR represents for the company

This responsibility is seen to extend beyond the statutory obligation to comply with legislation and sees organisations voluntarily taking further steps to improve the quality of life for the employees and their families as well as for the local community and society at large.

It also represents the commercial benefit in raising our reputation with the public or with the government.

Individual responsibility	Every progress of the company is based on the individual responsibility of each person included staff, partners, users, suppliers and etc.
Responsible management of the company	To provide our customers with the efficient use of energy in every place, taking care of satisfying our employees in a way that makes our company grow worthily, according to interests of the community where Energo operates.

How the company implements CSR

INTERVENTION AREAS	ACTIVITIES	ACTIONS
HUMAN RESOURCES	Aid to recruitment and retention, particularly within the competitive graduate student market	Potential recruits often ask about a firm's CSR policy during an interview so that having a comprehensive policy can give an advantage
	CSR helps to improve the perception of a company among its staff, particularly when staff can become involved through payroll giving, fundraising activities or community volunteering	Equal rights, conditions and opportunities for everybody
	CSR helps to improve the perception of a company among its staff, particularly when staff can become involved through payroll giving, fundraising activities or community volunteering	Enhancing personal relationships

	Investment in education of employees	Courses of different languages, informatics skills (ECDL course)
PARTNERS	Licensed workers of gas and heating constructions Daily communication in order to improve business activities	Communication through meetings, symposiums, conferences, services presentation, contracts, web page, info number Maintaining correct relationship with every partner
CUSTOMERS	Satisfied customer is our main goal (households or institutions)	Giving advices through our energy consultants
SUPPLIERS	Energo is working according to the Law of Public Acquisition	All signed contracts were reimbursed and all law obligations were fulfilled. Business activities are controlled by external revision firm
FINANCIAL PARTNER	Fond for Energetic Efficiency	Application for audits (project Bulb in duration, replacement of old inefficient public illumination with new and efficient illumination)
GOVERNMENT, LOCAL ENTITIES, PUBLIC ADMINISTRATION	Relations with public institutions	The government is ensuring that corporations are prevented from harming the broader social goods, including people and the environment. Energo supports that idea. On time taxes payments to the government to ensure that society and the environment are not adversely affected by business activities.
CIVIL SOCIETY	collective actions around shared interests, purposes and values	Sponsorship for different media projects, eco quiz: "Who wants to be eco millionaire?" renovation of kids' park, editing picture-book "What is natural gas?" Education in elementary schools and kindergartens
	Internet – www.energo.hr	Another way of communication with customers and other target groups
	Media collaboration	Regular advertising and broadcasting on local TV and radio stations
ENVIRONMENT	Through socially responsible investing, company is behaving responsibly	Through education and dialogue Lowering emission of CO ₂ in the atmosphere
GOOD MANAGEMENT	It is important part of many corporate strategies	Management process monitoring with advanced software
	Middle and long term planning and strategies	Spreading gas net, net of public illumination

3. CENTRE OPTIMUM

Company	Educational and Consulting Centre Optimum						
Business sector	Business Education and Consulting						
Address	Riva 22, Rijeka						
Telephone	+385 51 323 448						
Email address:	optimum@centaroptimum.hr						
Web site:	www.centaroptimum.hr						
Number of employees							
<i>Full time</i>	2	<i>Male</i>	1	<i>Female</i>	1	<i>Total</i>	2
<i>Part time</i>		<i>Male</i>		<i>Female</i>		<i>Total</i>	

Company and CSR processes presentation

Optimum is established to help companies to better understand their reality, recognize its reasons and find better ways of doing business. We help companies to become and stay successful in the long term.

Our intention is to help development of a region that will develop sustainably, with high level of cooperation, high level of productivity and smaller social differences. Our contribution in that effort is to help in development of important part of the community: companies and systems that will be streamlined and harmonic, highly adaptive to the change in environment and highly productive because of a clear purpose, high commitment and readiness to learn for all its members.

We have chosen to explore, promote and use only the knowledge and methods that are related to long-term success even though they demand more effort and patience. Our belief is that it pays off eventually and we seek to find and educate the clients who share the same values and beliefs.

What CSR represents for the company

The Corporate Social Responsibility is the basis of our work, although we have never called it that way. Our challenge is to help those who want to act responsibly to find the management methods that make it possible to be responsible and yet profitable. Our purpose is also to connect with others who have already succeeded in that and use their examples in order to give strength to our new clients.

As we believe it is the only right way to do things, it makes us feel really good when we succeed in converting yet another business man or to keep him or her from translating to the “dark side” of selfish, short-term and unethical business. Convincing them that it is possible to do it right, that the others who have decided to persist have succeeded and that we can help them to do so. This is our big success. When they do something in this direction and feel good about it, it makes it worth doing it.

Individual responsibility	Everyone that helps us help our clients is carefully chosen after the interview regarding his personal values, beliefs and previously done jobs. As we clearly announce our position, we usually attract selected people and rarely ban someone from being our associate. We, as owners and basic employees try to leave what we preach and monitor each other. And that is not only in doing business.
Responsible management of the company	Management has made many decisions that at the moment endangered the survival of the company, but made us proud of what we do and, especially, of what we don't do. Every decision is challenged in accordance to our mission and core principles of long-term success.

How the company implements CSR

We do not see the CSR to be something detached from everything we do. All what our company does and with whom it does, it is with the people that accept their social responsibility. Therefore, we believe that

most of our work is socially responsible. We are primarily responsible to our clients and we try to explain them why it is important to be responsible to their clients.

When defining our mission and vision, we have decided not to be pure spectators but to embrace our responsibility and act to offer a different path.

After we have heard about the term CRS, we have tried to test everything we do (not just with our clients) and see whether it is aligned with the concept.

INTERVENTION AREAS	AREAS	ACTIONS
HUMAN RESOURCES	Respect	Treating associates as equals, not just as labour force, in everyday relationships, career planning and job design.
	Employment	Not employing new associates until we are sure we can provide them with a steady income
	Information	Providing them with broad information about the company's present situation as well as plans for the future so they can plan their own ones.
PARTNERS	Openness and professionalism	We are straightforward with our partners and try not to make any commitments we are not sure we can deliver. We do not want them to look unreliable or unprofessional to their clients.
CUSTOMERS	Education and learning	We are very aware that our advice can cause great loss to our client and endanger the future of the company and its stakeholders and we deliberately raise our awareness of that in anything we do. We learn from experienced colleagues, from our own experiences and study the theory of modern management and consulting.
SUPPLIERS	Feedback and support	We are not that important for any of our suppliers but we try to help them prosper by providing feedback and supporting them in doing things we find helpful to us as clients.
FINANCIAL PARTNER		
GOVERNMENT, LOCAL ENTITIES, PUBLIC ADMINISTRATION	Joint projects	We have got involved in local projects with Croatian Chamber of Economy (education in various aspects of running companies), Croatian Employers' Association (Education of Managers and work with university students), University of Rijeka (presenting our work to the economy students)
CIVIL SOCIETY	Engagement in NGO	We are very active in the work of Society for Organisational Learning Croatia, trying to promote the systemic thinking and system dynamics.

	Writing articles	<p>We write articles in local newspaper promoting modern approach to business and management for already three years now in order to inform the larger public.</p> <p>We write articles for medical internet portal on the subject of creating a healthy work environment and dealing with stress on the workplace</p>
ENVIRONMENT	Recycling and saving of material	Although it is not easy in our city, we try to recycle the paper we use, print documents only when it is necessary and in duplex. We recycle the printer ink cartridges.
GOOD MANAGEMENT	Education	We work hard on implementing the knowledge and methods we teach others in running our own company.

Annex I

The vision of Corporate Social Responsibility in the IGM company is presented in the following points:

1. Responsibility of management for improving and achieving company's strategies and targets.
2. Valuation of human resources by the know-how and skills criteria.
3. Cooperation at all company levels in order to exchange the knowledge and ensure improvement of integrated management system
4. Using the latest technologies used in production and at the same time, undertaking maximum health and safety measures
5. Improvement relationships with labour force, customers, suppliers, local community and civil society
6. Permanent development based on the principles of eco-social-commercial economy

HUNGARY

2.1 National overview on CSR issues

2.1.1 History of the CSR

The concept of CSR originates with the large scale business corporations of the USA, but its original meaning has changed considerably since the application of the concept was started within Europe. The EU's CSR strategy emphasizes that CSR should be applied by SMEs as well (European Commission, Green Paper, 2001). Without this shift, CSR could be employed in Hungary only with difficulty, as SMEs predominate among Hungarian companies and 'there are still very few Hungarian enterprises that can rightly be called large-scale public corporations' (Fekete, 2005). During privatization, strategic investors bought large Hungarian state-owned firms, which did nothing to foster the rise of shareholder capitalism. The stock market capitalization is very low and most corporations are not listed.

During the socialist period, the State and large state-owned companies together provided for social services from state revenue. Large companies therefore had experience of social and environmental sustainable governance, but they had no obligation to pay attention to economic sustainability. The economy was part of the political system, and so there was no need for companies to be profitable; their roles lay elsewhere – for example, in ensuring full employment.

One of the main objectives of the economic transformation was to separate out the economic and the social roles of companies, and to make a clear distinction between the public welfare responsibilities of employers and their human resource policies (Segal et al., 2003).

Since the 1989 transition, the country has learned a lot about the market economy. Economic sustainability has been a continuous challenge for entrepreneurs, and there has hardly been any time to think about social or environmental responsibility. Companies had no experience of corporate governance with a 'triple bottom line', and so there was a lack of knowledge, instruments and tools. Nobody knew how to be simultaneously efficient, profitable and socially and environmentally responsible. Privatisation and the new economic agenda resulted in 'wild capitalism', and the profit motive in Hungary assumed an excessive importance.

The serious economic crisis that accompanied the transformation in the CEE countries during the early 90s was not favourable to social, community or human investments on company level. The transformation from a centrally planned 'socialist' economy to a market economy offered the possibilities to the firms' management to get rid of excessive social spending obligatory in the former planning system of the so called 'socialist firms'. At the same time, foreign investors and privatising actors who were seeking low cost economies were also less committed to the corporate social responsibility approach. (Segal et al., 2003)

However, the general acceptance of the market economy did not mean an uncritical attitude toward the practice of capitalism. This era had many losers; nor did the winners think long term. It was at this time that a negative image of corporate leaders started to take shape. They are little trusted, and the notion of profit is still dubious in the eyes of many citizens (Deák et al., 2006). According to a survey carried out in 2003 (Szonda Ipsos, www.nonprofit.hu), 44% of respondents distrust large domestic companies and their leaders, and 54% distrust multinationals. Unsurprisingly, this attitude hampers the spread and dissemination of CSR. According to the same survey, 83% of respondents believe corporations just talk about CSR, and make no substantive effort to be responsible.

Thanks to a stabilization of the economy and an improvement in the legal framework governing employment and the environmental impact of economic actors, since the mid-90s companies have slowly come to take more account of their social responsibility. It was around this time that foreign companies with a long-term commitment to the Hungarian economy started to import their models of CSR and to adopt their management tools and human resource patterns in their Hungarian subsidiaries. Fortunately, then, they provided for a good example for local firms as well.

This has been the main incentive for the promotion of CSR in Hungary; strangely, the demand by stakeholders for responsible companies and products has not grown as fast as expected. While in developed consumer societies, customers force business actors to reduce the negative impact of their activity – or to compensate for it – in Hungary it is business that leads the CSR process, as the civil society and especially its consumers are not yet particularly interested in the CSR activities of companies. Although, in a recent survey, 53% of respondents claimed that they would have chosen a more expensive

but responsible product instead of a cheaper one (AmCham, 2006), nevertheless in real consumer choices people tend to consider the price above all else.

Hungarian society has become overly individualistic in the years since the above mentioned phase of transition. The reason for this situation may be that the relative indifference of civil society lies in a reaction to the community action that was all too frequent under socialism. Another vestige of socialism is the pessimistic sense that we do not have the power to bring change and must accept the current situation; this makes civil society weak.

The general technological and economic position of civil organizations is also unfavourable. Most of them do not have a strategic plan or a programme identifying core values, main strengths and opportunities, goals and expectations. Foundations and associations often define their aims and missions with an eye to possible donors, and this influences their communication, too (Ligeti, 2006). NGOs that share the same objectives do not coordinate their activities and so are unable to advance their common interests; this destroys the efficacy of their communication.

Opinion formers in the business society are under-informed and uninterested in the topic. Consumers usually make their choice based on price, so companies – especially SMEs – think that CSR, in general, and particularly CSR reporting are marketing tools of the multinationals and claim not to have the resources to employ it.

There are several other misapprehensions concerning CSR in Hungary. Because of the socialist heritage, people think social responsibility, social caring, is primarily up to the Government. Some companies consider CSR as correspondent merely to the compliance of the respective activities with the existing laws. Fundamentally, business and social actors in Hungary are typically not sufficiently aware of the role that companies could play to achieve environmental and social goals, by remaining at the same time profitable. CSR is not an integral part of business strategy, appearing instead merely as a PR tool. Possibly that is why Hungarian stakeholders are suspicious of companies that communicate positive things about themselves.

In Hungary, there is little trust in companies – the legacy of the socialist ‘soft dictatorship’ and the ‘wild capitalism’ that followed the transition. Suspicion is enhanced by the fact that generally PR or communication departments are responsible for CSR issues. Therefore, it is difficult to build a dialogue and a partnership with the stakeholders in the “Western meaning” and companies have to be cautious in communicating CSR, as customers sometimes misunderstand it.

This could go some way to explaining the small number of social reports published in Hungary (131 reports by 44 companies between 2000 and 2005, www.kovet.hu). Another reason is that, beyond their legal obligations, Hungarian corporations did not traditionally share much information with society or with local and national government (East–West Management Institute, 2004).

The regulations of the Media Act raise another issue regarding the communication of CSR. In Western European countries, it is common to find announcements of CSR activities in the press and on television – consumers receive information about them this way. In Hungary, the National Radio and Television Commission treats regular CSR information as advertisement. A case a few years ago raised quite a storm: the commission pilloried a television channel for broadcasting the fact that a telecommunications company was the main sponsor of a foundation, which is concerned with promoting minorities and disabled people in the media. Experts agree that the public announcement of CSR activities is not as important as the activities themselves (Radácsi, 2005), however, unfortunately, companies are otherwise not sufficiently motivated to take responsibility.

CSR-related communication surveys identify some factors, first and foremost the role of foreign investors. If the parent company has a clear view of CSR and public disclosure, the Hungarian company is more likely to be publicly forthcoming, too. Another important factor is that stakeholders do not need or press for various pieces of information. In most of the negative cases, it was lack of manifested public interest, rather than a negative attitude on the part of the company, that was the main obstacle. Although certain information may not ‘automatically’ be made public (i.e. on the Internet or in the company’s annual report), whenever it is requested, it is provided to anyone who is interested, e.g. the press (East–West Management Institute, 2004, 2006).

According to a recent survey, the prominent role of sponsorship does not accord with the expectations of society (AmCham, 2006). In the opinion of the survey’s respondents, a company’s most important social responsibility is to take care of its employees and respect their needs and rights. The second most important is to protect the environment. To provide sponsorship comes only third. Moreover, CSR also includes the provision of a safe and pleasant workplace, respect for human rights, partnership with civil organizations and responsible marketing, but these issues are not on the CSR agenda of the average Hungarian company.

As employees tend to be the most important stakeholders, programmes that involve them can prove to be very useful tools. Employees are regarded as a crucial resource in companies, especially in SMEs, and an increasing number of companies are organizing voluntary activities for employees. This is a fairly new CSR tool in Hungary, and multinationals that use this tool are also very cautious, because of the fact that memories of the communist 'days of voluntary labour' are still vivid, especially in the minds of the older generations. Younger employees are easier to persuade of the usefulness of voluntary work and other common activities.

A representative of United Way Hungary, a well-known NGO that promotes CSR in Hungary, emphasizes that conferences in Hungary still seek to explain the basics of the CSR concept, although this should be the role of higher education. Conferences should deal with concrete tools and policies for conducting CSR in practice (Sánta and Sóregi, 2006).

At the same time, the International Federation for Human Rights (International Federation for Human Rights, 2006) claims that awareness of CSR is still low in Hungary. Interestingly, surveys carried out by foreign specialists are generally rather less rosy when it comes to the development of CSR in Hungary than those conducted by Hungarian researchers.

Advocates of CSR in Hungary emphasize the advantages of using CSR as an integral part of business strategy and business philosophy, with the question of a company's reputation and image uppermost. A positive image will attract consumers, investors, potential business partners and the best potential employees as well. In an environment of trust, every employee becomes more creative, more productive and more loyal. A company that projects an image of trust has a better relationship with every stakeholder. Given that Hungarian companies have competitors in more developed countries, CSR can be as much a constraint on business as it is an opportunity.

In the case of SMEs, what we usually find is unexpressed or 'implicit' CSR operating in the company. SMEs tend not to use the terms and the vocabulary of CSR, but they behave as responsible members of the local community and the environment. For small companies, their engagement with business partners and other stakeholders is clear: their credibility and reputation are a matter of survival, not just of competitiveness.

SMEs, even those that are committed to CSR, know and apply relatively few CSR instruments, and they do not plan to implement any more in the near future (Szlávik et al., 2006). Accordingly, surveys examining CSR that include SMEs as well are always more pessimistic than those that include only large companies. This is, however, probably true of every country. SMEs have less capacity to implement company-specific instruments, and therefore non-specific instruments – such as international standards – are more important to them than to large enterprises.

According to the European Commission, 'In the future, the most significant pressure on SMEs to adopt CSR practices is likely to come from their large business customers, which in return could help SMEs to cope with these challenges through the provision of training, mentoring schemes and other initiatives (Communication on CSR, 2002).

Thus, in a sense, SMEs are under pressure to use international standards, like ISO or other CSR tools, without any real commitment, just to become a supplier to multinational companies. It may be good from the perspective of promoting CSR practices, but it harms the voluntary principle of CSR and makes CSR a constraint rather than an opportunity for SMEs. One way or another, Hungarian companies are highly motivated to go along with the expectations of their business partners, and this is a defining factor in the promotion of CSR.

The role of multinational companies is also worth a mention. For them, enhancement of their reputation is a very relevant goal. As they operate in other countries as well, and the global flow of information is unlimited, they must consider the opinions of Western consumers, even if consumers in Hungary generally do not exercise their ethical convictions. Since their policies at headquarters level generally involve ethical principles, these provide practical examples to be adapted to the Hungarian situation.

More than 40 of the 50 largest multinational companies operate in Hungary, either directly or via subsidiaries. Their impact is huge in promoting CSR in Hungary. They provide half of the Hungarian GDP, so the power they wield provides an opportunity and a responsibility to improve Hungarian business practice in this field as well. There are two opposing views on whether they should shoulder this responsibility.

They take the lead when it comes to provide for sponsorship, to organize voluntary activities or to communicate CSR reports, but their motivation is doubtful. Hungarian CSR experts generally agree with their actions at conferences and in the press, but some of them are suspicious of how wholehearted they are.

In Hungary there are multinational corporations with a qualified workforce, increasingly safe investment opportunities and proximity to the eastern and the western markets. After all, ‘multinational corporations usually do not bear the burden of publishing and popularizing their social responsibility policies, social and environmental reports in Hungarian’ (Fekete, 2005). How can a company communicate with its stakeholders when it does not speak of its commitment and engagement in their native language? English may be the language of business, but given the general language skills of Hungarian stakeholders – especially local communities and SMEs – communication in Hungarian is necessary and is to be expected. Anyway, thanks to their strength and their relatively plentiful financial and human resource capacity, multinational companies are playing, and will continue to play, a crucial role in promoting CSR in Hungary.

2.1.2 The main actors in CSR

Employees, trade unions

Although the employees are the most relevant stakeholders of corporations, trade unions are not much concerned with CSR issues (International Federation for Human Rights, 2006). Rather, they try to force companies to comply with the law; they negotiate personal allowances or lobby for legislation to benefit employees.

The role of trade unions is significant only in some sectors of the economy; about 85% of employees are not members of any trade union (www.noc.mtapti.hu/2005ar.pdf). Therefore, companies look after their employees because it is in their own interests, and not because of pressure from trade unions. The main employee-related issues include:

- Training, learning & development
- Core labour standards
- Work-life balance
- Internal communications
- Equal opportunity, social inclusion.

Government

The role of Government in spreading CSR is not sufficiently emphasized in Hungary, but as we can see from Western European examples, governments, as well as civil society, can have a huge impact. Since CSR as a concept and as a practice is based on the voluntary activities of companies, and since one of the main principles of the EU legal order is subsidiarity, it is the role of government to provide a conducive environment for CSR, not to make direct interventions. By providing for incentives, such as tax breaks, special tax regimes, grants or support for national CSR research project, it would meet the needs of companies on this score.

Equal opportunity is a crucial aspect of the role of government. The business case is clear for companies to heed the needs of consumers – assuming a strong enough consumer consciousness – or to pay attention to the environment; but employment of disabled people depends seriously on government measures. Without the creation of an integrated qualification and training opportunity for them, these people will never be able to represent themselves on the labour market.

Article 70/A of the Hungarian Constitution contains a clause on non-discrimination. One of the priorities of the Hungarian Government is to ensure equal opportunities for all members of society. To help realize this overarching goal, and also to express the commitment of the government, a special governmental body was set up in May 2003 – the so-called Government Office for Equal Opportunities. It is run under the auspices of a minister without portfolio in charge of equal opportunities (www.eselyegyenloseg.hu). The CSR executive of the Ministry of Economy and Transport claimed that today the main CSR issue in Hungary is the inclusion of some ethnic minorities (e.g. Rom) in society and work. Regrettably, in practice, discrimination against minorities, women and disabled people is still a problem.

The Hungarian Government undertook to establish the so-called ‘social badge’, with which a multi-stakeholder working group would award socially responsible companies. It is the job of the working group to develop tools to promote and communicate responsible company activities, and to draw up ways of measuring and evaluating corporate responsibility. This is extremely important, since the measurement of social and environmental performance is not widespread among Hungarian companies.

CSR is mentioned and promoted in the action plan (2007–2010) of the Government’s third Consumer Protection Strategy (2007–13). Last year, the Hungarian government started to move from its passive

stance on CSR. Government now has the option for the future of being engaged in the process, mainly through partnering, endorsing and providing for an environment that is conducive to improvement.

Media

The first CSR Day was held in Hungary on 1 June 2006. A telecommunication company announced it a few days in advance, at a conference, after the Hungarian Radio and Television Association punished one of the main broadcasting companies for hidden advertising while reporting on a CSR event. On the CSR Day, the media published CSR-related topics in their 'news' sections, thereby risking punishment by the Hungarian Radio and Television Association. They did this to draw the attention of society to the importance of CSR and its communication.

As well as providing a platform to announce the upcoming CSR Day, the conference had enabled discussion of the relationship between CSR and the media. According to the delegates, the main purpose of communicating CSR is to motivate other business actors to behave likewise. Moreover, companies have an obligation to inform the wider society about their activities. It is also true that some people gave voice to the customary sceptical opinion that CSR is little more than PR or marketing.

The players in the Hungarian economy need an opportunity to publish their socially responsible activities. To this end, there has to be some modification of the Media Act to differentiate between advertisement and public announcement, and the media will have to assume some responsibility, too. As matters stand, TV channels and newspapers usually shift CSR announcements from their news sections to an advertising slot. One reason for this is the regulation of the Media Act, but another is that they can thereby boost their advertising revenue.

Of course, some specialist newspapers and radio broadcasts take on the task of informing people of CSR activities. However, we do not usually hear about such activities in the mass media. Therefore, anybody who is interested in the topic can find information, but society is not well informed.

Civil organizations

The voice of civil organizations is getting stronger and stronger on CSR. Significant actors include business associations, different 'green' organizations and the consumer organizations, which emphasize the rights of consumers and the importance of conscious consumption.

These organizations currently have a relatively weak impact on society, where knowledge of CSR and responsible consumerism is still limited. Society is generally sympathetic to social issues, but active support is not a typical feature. Even though people know the essence of CSR and have already formulated their expectations of companies (Gulyás et al., 2006), our interviewees maintained that consumers did not appreciate CSR in real consumer choices, where their prime consideration remains price.

Under Act No. CXXXVI of 1996 (on donations from income tax for public purposes), 1% of income tax can be donated to NGOs, theatres, foundations, museums or official cultural or scientific organizations or programmes. Another 1% can be donated to Churches.

The '1% Act' has its advantages and its disadvantages. It is a tool for raising awareness, and it allows us to make a donation to a part of our lives we consider important; but regrettably, most Hungarian people think they discharge their responsibility by donating their 1%. This is true of companies as well. If they donate some money, they think they are already responsible. The selection of recipient NGOs is rather ad hoc, largely because NGOs have no strategic plan of campaign: each year, shortly before people's income tax returns are due back, when they all consider how to disburse their 1%, the organizations are highly communicative, but society hears little of them during the rest of the year.

As a consequence, the lack of both interest and means of action, civil society plays a marginal role in the CSR dynamic. Even in the case of sponsorship, NGOs do not have the ability to attract companies.

Business Associations

One of the most important business associations operating in Hungary in some fields related to CSR issues is the Hungarian Association for Environmentally Aware Management (KÖVET-INEM Hungary). According to its mission statement 'the main objective of KÖVET is to assist organizations on the road to sustainable development'. The association was established in October 1995 to promote environmentally aware business management among enterprises. KÖVET's main activity lies in advancing preventive environmental solutions and in ensuring information exchange, primarily in the business sector. The organization acts as a platform for ongoing information exchange, with the aim of promoting environmentally aware business management, of finding new ways for industry to reduce its environmental impact, and of helping it use this as a basis for competitive advantage.

KÖVET is the Hungarian member organization of INEM, the International Network for Environmental Management, through which it is linked to international sustainable business initiatives and projects. KÖVET is an institution that exists to raise awareness, spread the idea and tools of environmental management and corporate social responsibility. It offers services and organizes practical programmes to spread the ideas and tools that will allow companies to operate with fewer burdens on the environment. Its main activities are training sessions, demonstration projects and the publication of guidelines, but KÖVET also organizes events, collects and distributes environmental management literature, deals with public and media work, provides ongoing information exchange and expert advice, and implements local and international programmes. It is an organization experienced in carrying through small- and large-scale EU and other publicly financed projects.

KÖVET is a non-profit, non-governmental organization, free of lobby interest, with a special public-benefit status. KÖVET is neutral in political debates. Its members are not 'green' firms but companies that have a sense of responsibility for their environment, that are trying to realign their activities on this basis and to spread their knowledge about environmental management.

KÖVET deals with ISO 14001 and offers an Eco-Management and Audit Scheme (EMAS) registration consultancy as well. KÖVET won the EMAS Award of the European Union for promoting EMAS and for introducing the system in three companies in 2006. Hungary also received an award for getting the most (five) EMAS registrations of all the new member states. From 2007, KÖVET has been the Hungarian member of the CSR Europe network.

Hungarian Business Leaders Forum (HBLF)

The Hungarian Business Leaders Forum was established in 1992. HBLF is a non-profit association and a representative body for local business executives, local representatives of international joint ventures, and other influential business people in Hungary. It is committed to promoting responsible business practices that benefit business and society and that help to achieve social, economic and environmentally sustainable development in Hungary.

HBLF's mission is to encourage companies to integrate corporate social responsibility and the principles of sustainable development into everyday business practice. Members of the organization promote responsible leadership for the long-term prosperity of their businesses and the whole of society by increasing awareness of the CSR philosophy.

Today HBLF has close to 100 members – local and international companies, small and medium-sized enterprises, non-profit organizations and individuals. As a member of the International Business Leaders Forum network, the HBLF is in active cooperation with more than 50 partner organizations. This partnership offers opportunities for capacity-building and dissemination of international policy and good practice. Representatives of member companies are actively participating in HBLF's efforts and projects through different working groups.

To implement its goals, the forum promotes:

- Partnerships with members to implement CSR projects and achieve their goals
- Opportunities for development, the sharing of best practice and the measurement of results in the business sector
- Awareness of improved business results in corporate social responsibility practice and their impact on the economy
- Sustainable development practice, in order to establish healthier and improved conditions for future generations.

Business Council for Sustainable Development in Hungary (BCSDH)

In May 2005, seven companies set up the Business Council for Sustainable Development in Hungary, as the local chapter of the World Business Council for Sustainable Development, the acknowledged and influential international business organization. These seven corporations proceeded from the growing conviction that there should be an organization in Hungary that championed the business perspective of sustainable development and provided a forum for companies from any sector of the economy that have resolved to take account of and to apply – beyond compliance with the legal framework – environmental and social aspects in their everyday business operations.

The mission of BCSDH is to promote application of the principles of sustainable development – not just among its own members, but also among other players in the Hungarian economy, thus generating new and innovative thinking that will boost their competitiveness. This, in turn, should eventually contribute to

the sustainable development of the economy, an improvement in the quality of life for society, and preservation of the environmental and natural treasures of the country.

To implement its mission, BCSDH participates actively and constructively in dialogue and cooperation with other business, civic and governmental organizations on issues relating to Hungary's sustainable development, and provides a forum for the introduction and exchange of experiences in the field of business sustainability results and best practices. The forum regards the communication of CSR as very significant in raising awareness of corporate responsibility and sustainability. That is why it undertakes to communicate its members' voluntary environmental or social projects, actions and success stories to key decision makers, the business community and the public.

Clean Air Action Group – an environmentalist organization

The Clean Air Action Group (CAAG) is one of the best-known environmental NGOs in Hungary. Founded in 1988 by three local 'green' groups, it is now a national federation of 126 NGOs. Its Board of Experts consists of more than 100 specialists from various professions. It is open to anyone who wants to help clean up the environment. The activities of the group include public awareness campaigns, consultancy, publishing and advocacy at the local and national levels. The group deals with problems such as greening the state budget, sustainable transport, sustainable energy policy and sustainable urban development.

Representatives from the member organizations, experts and the elected officials of CAAG meet every second week to discuss current issues, elaborate viewpoints on environmental protection, and take action. The group publishes a monthly environmental magazine entitled *Breath (Lélegzet)*, with a print run of 3,500 copies.

CAAG is a member of the European Environmental Bureau, the European Federation for Transport and Environment, and Climate Action Network Europe. The group cooperates with other international environmental organizations, like the World Wide Fund for Nature (WWF) Greenpeace, the CEE Bankwatch Network and the World Carfree Network, as well as with a number of national NGOs in various countries.

The leadership of CAAG often presents its opinions to the European Parliament and committees. Sometimes, through the EU, it pressurizes the Hungarian government to comply with regulations. For example, the government was supposed to have designated the Natura 2000 conservation areas before accession to the EU, but the process was delayed. On CAAG's initiative, the EU issued a warning to Hungary over designation. Some 21% of the territory of Hungary became a natural 2000 site.

Association of Conscious Consumers – a consumer organization

The Association of Conscious Consumers was established in 2002. Its aim is to promote and advocate environmentally aware consumerism, ethical, socially and environmentally responsible purchase and corporate activity, sustainable production patterns, and an awareness of the rights and obligations of consumers.

The association does not deal directly with companies; but, as it promotes the principles of responsible consumerism among consumers, it does have an impact on companies. In order to safeguard its independence, the association does not accept any company donations.

The association has several domestic and foreign partners – mainly environmentalist and consumer NGOs, ministries and official consumer protection organizations. It participates in UN workgroups and cooperates with Consumers International on international research. It has created a homepage (www.tudatosvasarlo.hu) to draw attention to the significance of ethically and environmentally aware shopping. By and large it seeks to raise questions, but it also tries to find answers. It emphasizes that the basic premise must be that our money is a vote – either we use it or we do not.

The association would like more and more people to get involved in thinking together with it, and it tries to put useful information and facts on its homepage. It is also working on a company database for conscious consumers. It invites everybody to submit ideas, suggestions and comments on opportunities for conscious consumption.

The organization believes that today's economy should change fundamentally and become socially and ecologically sustainable. There is an opportunity for every economic and social actor to contribute to this change. In Hungary, approximately 9 million people make decisions of consumptions of some kind every day, or at least weekly. This is a huge power. If only part of these decisions – hopefully, a growing part of them – are ethically and environmentally conscious, that already means a lot.

The Conscious Consumer organization undertakes research in the field of sustainable purchase and consumer protection. It regularly voices its opinion on related strategies and draft regulations. It publishes educational brochures for students and teachers, and its experts often deliver lectures in colleges and universities.

It participates in international conferences in order to have access to the most up-to-date knowledge about sustainability and the theory and practice of conscious consumerism.

In 2005 the association conducted a survey about attitudes to sustainable consumption and consumer expectations of companies, and it also examined some aspects of CSR.

It has brought out several publications to inform the wider society about sustainable purchase: there is a quarterly magazine, a book about how to organize consumer boycotts, and it has published Hungarian translations of international bestsellers like No Logo, by Naomi Klein.

International organizations

- The UN Global Compact Hungary Network

The UN Global Compact Hungary Network was launched in Budapest on 9 December 2005, with the support of the ministers of economy and social affairs, some prominent companies and UNDP. The Focal Point for the Hungary Network is the UNDP Liaison Officer for Hungary.

Currently, the Hungary Network has 15 members, of which, four are large enterprises, nine small or medium size enterprises, one NGO, and the Municipality of Budapest as a sub-national government member. Several further entities support the network, such as the National Development Agency, the Ministry of Transport and Economics, the Ministry of Environment and Water, and NGOs, like KÖVET. Governance issues have been raised at the 11 January 2007 Global Compact Hungary Network meeting held at and co-organized by ILO-CEET Budapest Office. A proposal to establish a Board and the Statutes were presented to promote the establishment of an own network secretariat and financial sustainability.

Members, candidate members and supporters of the Hungary Network created three working groups, which represent their priority CSR areas: Environment and Energy, Equal Opportunities, Anti-Corruption and Governance. These working groups serve as knowledge sharing and CSR project shaping platforms.

Through the working groups, the network plans to become part of the solution to the current development needs. Most importantly, it is social inclusion of the Rom minority. Sources, such as the UNDP report “Employing the Rom: Insights from Business”, reveal that the Roma unemployment is at 25 per cent in Hungary. The Launch of the Hungarian Language publication with a press conference took place on February 13, 2007 with about 50 participants at the Ministry of Social Affairs and Labour including Rom NGOs. The programs leading to the Rom inclusion into the labour market represent the most outstanding challenge to the network.

The environmental group through its so far six sessions has been working on various issues around the Kyoto Protocol, environmentally harmful subsidies, flood prevention, energy rationalization, regulations effecting environment, sustainability policies, flood control, energy efficiency, develop greening projects for the City of Budapest, with an average number of about 40 participants from representatives of relevant Government ministries, the National Development Agency, local municipality, GC members, business sector of both large multinational companies and SMEs, as well as NGOs.

- ILO Sub-Regional Office for Central and Eastern Europe

The prime strategic objective of the ILO remains the development of international labour standards and their effective implementation. This includes:

I. The Declaration on Fundamental Principles and Rights at Work, adopted in 1998, reaffirms the commitment of the international community ‘to respect, to promote and to realize in good faith’ four principles recognized in the eight fundamental ILO Conventions:

- The right of association of workers and employers and the effective recognition of the right to collective bargaining
- The elimination of all forms of forced or compulsory labour
- The effective abolition of child labour
- The elimination of discrimination in respect of employment and occupation.

II. International labour standards taking the form of Conventions – which are formally international treaties – and Recommendations. Over 180 Conventions have been adopted since 1919. Of these, 70 Conventions are promoted on a priority basis. Several ILO supervisory bodies, in particular the Committee on Freedom of Association and the Committee of Experts on the Application of Conventions and Recommendations, monitor the application of international labour standards.

III. The progressive elimination of child labour. The Minimum Age Convention remains the fundamental international standard on the road to achieving the total abolition of child labour.

The ILO defines CSR as a way for enterprises to consider the impact of their operations on the society. Companies affirm the principles and values of CSR both in their internal processes and procedures and in their interaction with other players. CSR is a voluntary, enterprise-driven initiative and refers to activities that are considered to go beyond compliance with the law. In this respect, the ILO's action in Hungary focuses on complementing legislation or filling gaps in the national legislative sphere. The ILO was active in promoting the Law on equal treatment (2003). It is now helping to draft amendments on the Elimination of Child Labour (under the age of 14), the Elimination of Forced Labour, and the Prevention of Discrimination against the Roma and other minorities, as well as on the grounds of gender and age, and is also assisting in the construction of social dialogue inside the multinationals.

- OECD National Contact Point

The Hungarian OECD National Contact Point for Co-operation against Fraudulent and Deceptive Commercial Practices is to be found under the Ministry of Economy and Transport. The role of the Contact Point is to promote awareness of the OECD Guidelines for Multinational Enterprises and ensure their effective implementation. It promotes guidelines and initiatives by translating them into Hungarian and by organizing conferences and tripartite forums, and by issuing an annual report on the level of observance of guidelines in the Hungarian economy.

Consultancy firms

Consultancy firms are becoming increasingly active in the business of CSR. Some of them are profit making, but there are also NGOs that offer advice and provide a professional consulting service. Companies regard NGOs as dialogue partners to help them implement CSR practices. CSR is the common language of NGOs and companies, and consultancy firms seek to facilitate communication between them. The most significant consultants are Braun & Partners and DNV Hungary.

Braun & Partners is a strategic consultancy firm that focuses on CSR. It believes in recognizing and realizing social values and the importance of CSR communication. It is a member of such international networks as csr network and AccountAbility, and in 2006 it set up the AccountAbility Rating Hungary. It provides such services as CSR research, strategy, reporting, benchmarking, communication and implementation.

DNV Hungary (Det Norske Veritas) is an international foundation to protect life, property and the environment. It is mainly concerned with risk management and education, and it provides companies in Hungary with SA8000 accreditation.

KÖVET-INEM Hungary provides ongoing information exchange, expert advice and consultancy in the implementation of both local and international programmes.

2.1.3 CSR capacities in Hungary

The Hungarian law requires no formal reporting of CSR. There are about 44 companies that regularly publish a CSR, sustainability, environmental or social report. According to the online survey of TerraIdea Research Group (Farsang and Kovács, 2006), communication of CSR is not effective enough. Some large companies that issue a CSR report do not translate it into Hungarian, and generally, there is no room for stakeholder dialogue and reaction.



There is only one service that has been awarded the European Eco-label, a well-known voluntary “trademark” certifying the environmental excellency of a company.

There are some other CSR-related labels, like the recycling logo of Öko-Pannon Kht., the largest recycling company in Hungary, or the Hungarian Product logo.

On 9 December 2005, the Hungarian business community initiated a new chapter in its desire to achieve greater corporate social responsibility by participating in the launch of the United Nations' Global Compact. In Hungary, the main issues for business leaders using the Global Compact include reducing barriers to the employment of disadvantaged groups, promoting greater environmental responsibility and fighting corruption. The Global Compact in Hungary has been developed under the main auspices of the United Nations Development Programme. The initiative has already received the support of important business leaders, such as: the Hungarian Business Leaders Forum (HBLF), the Joint Venture Association, Business

Council for Sustainable Development Hungary, CEU Business School, Clean Air Action Group and others (ILO, 2005).

There are many codes of conduct that have been published and applauded by chambers, associations and foundations – for example, the code of the Federation of Hungarian Event Organizers, or the code of the Hungarian Chamber of Commerce and Industry. But some are more significant in business than others. The Budapest Stock Exchange's code was unveiled in Budapest on 9 January 2004. Moreover, since 2003 information on compliance should be disclosed in annual reports. Yet currently, the Budapest Stock Exchange's website carries no information on compliance. The code of conduct for retailers (commercial code of conduct) was adopted on 4 July 2006, and in 2006, the Ministry of Agriculture prepared the code of conduct for food producers.

There are academic courses to promote the theory of CSR, and diverse concrete tools and mechanisms to implement it in practice. Corvinus University of Budapest and the CEU Business School have business ethics courses, and in 2006, a CSR communication course was run at Corvinus, too. Almost every economic college has compulsory or optional business ethics courses, where CSR is one of the main topics on the curriculum. Consultancy firms give lectures and provide training for business leaders – for example, Braun & Partners and KÖVET held a joint GRI training session on 15 February 2007 to introduce G3.

Clearly, accession to the European Union on 1 May 2004 had an impact on the spread of corporate social responsibility. The EU influences the awareness and practice of CSR both directly and indirectly, through specific EU directives and general policy statements, such as the Lisbon Agenda, and via EU companies that are the partners and competitors of Hungarian firms.

Before accession, companies exporting to the EU were hard pressed to comply with an array of European environmental and social standards that were much stricter than those they typically faced in Hungary. Now the Government has to address the question of how companies that have not yet met the EU standards might be guided to do so, especially as economic and social integration matures. The Government should be interested, therefore, in modifying old institutional arrangements and introducing new ones to promote CSR.

Apart from such traditional tools as regulation and enforcement, government could also consider a wider application of approaches, such as partnerships with the private sector and endorsement of good private-sector practices or initiatives. For example, it could oblige companies to publish social, environmental or CSR reports. Such an obligation would increase the awareness of companies, especially if guidelines like those of GRI were used.

Another tool is to use social and environmental indicators in public procurement and in tendering. Companies who promote equal opportunity or use environmentally friendly techniques already have an advantage when Hungarian government and EU tenders are considered. On 17 January 2007, the Ministry of Environment and Water announced its readiness to draw up a programme for green public procurement. The Municipality of Budapest adopted a Green Public Procurement regulation in June 2006. Small and medium sized companies that are really committed to CSR cannot exist without support from the government. Lack of government support is one reason why the number of such enterprises is fairly low in Hungary (Gulyás, 2004).

From an economic viewpoint, the introduction of a socially responsible investment (SRI) index would help the promotion of CSR tools. One bank once stated its willingness to prepare an SRI fund, but nothing has been heard of the idea since. However, such an index would open the way to Hungarian companies performing in such funds, even if there were no SRI fund in Hungary itself.

Improving the image and reputation of a company is still the main incentive to be responsible in Hungary. However, this should not undermine the motives that lie behind some notable good practices. In the case of protection of the environment, cost saving is another important motivation. The acceptance of other incentives would provide fresh impetus to CSR in Hungary.

Opinions are divided on what problems are the most burning in Hungary. Some companies and organizations emphasize environment, others social issues, such as discrimination. However, all agree that the formation of a civil society and democratic dialogue among business and social actors is important in tackling all the problems. Ability to cooperate is very weak in Hungarian society. We have to learn how to live in a democracy in order to eliminate the current democratic deficit; CSR could be a means of achieving this goal.

The Hungarian media have neither the financial and human resources nor the willingness to uncover facts about CSR – they communicate only the slogans of companies. Accordingly, the media do not act as a watchdog on CSR issues, which damages the credibility and effectiveness of CSR communications.

Everybody thinks that the relatively bad economic situation and the lack of financial resources are the main constraints on the spread of CSR. This highlights the general misapprehension that CSR is against profit and is costly for companies (since business actors often mistake it for sponsorship or PR).

Actually, the Hungarian market still does not fully appreciate the fact that CSR is not something that is slightly remote from everyday operations: it should be at the very heart of strategy and operations. CSR is not about additional costs; it is more about self-examination, humanity, attention and respect for others (stakeholders).

In Hungary, the movement in favour of the promotion of CSR only got going in recent years; it is now developing fully.

2.2 The national legislation on employment and labor security

2.2.1 Overview of the Hungarian labour market

Hungary is home to 10.063 million people, the vast majority of whom are ethnic Hungarians. Minorities – only 3% of the entire population – include Germans, Romanians and Slovaks. Hungary is also home to many Rom and Jewish people. Some 20% of the entire population lives in Budapest, the capital, while the next largest city has a population of only about one-fifth of Budapest. According to the latest figures, in 2006 Hungary had a GDP of 89.2 billion euro, 8,864 euro per capita, or, in Purchase Power Standards (PPS), \$15,600 per capita (Hungarian Central Statistics Office, 2007b). This is near the mean of new EU Member States. The rate of GDP growth was 3.9% in 2006, and this seems to be sustainable for the coming years. The unemployment rate is 7.7% (31 December 2006).

There were 1,276,076 companies registered in Hungary on 31 December 2006 (Hungarian Central Statistics Office, 2007a). As is usual in the EU, the majority of Hungarian firms are small and medium-sized enterprises (SMEs) (about 97%). In terms of size, the breakdown of companies is as follows: •Micro companies (0 or unknown number of employees): 28.9%

- Small companies (1–9 employees): 67.8%
- Medium companies (10–49 employees): 2.7%
- Large companies (50 or more employees): 0.5%.

The distribution of business by sector is as follows:

- Service: 37.5%
- Commerce: 17.9%
- Industry: 14.9%
- Other sectors: under 7% each.

2.2.2 Orders and legislation on labour security

There are several laws dealing with aspects of CSR, although none of them mentions the term specifically. The rights of employees are described in the Law of Work Protection (Act No. XCIII of 1993). This law covers work safety regulations, the training of employees and working conditions. Act No. XXIV of 1998 on the Provision of the Rights of Persons Living with Disability and their Equal Opportunity Protection protects disabled people.

Act CLXIV of 2005 on trading also contains a number of unexpressed CSR provisions. For example, business leaders cannot infringe the lifestyle rights or equal treatment requirements of their employees, and significant market force cannot be misused against suppliers.

Hungarian Government Resolution 1025 was an extension of the Guidelines on Companies' Social Responsibility. It was adopted by the Ministry of Employment and Labour in 2006 and dealt with ways of enhancing the value, reputation and security of labour.

Hungarian laws, in general, respect and meet ILO standards on human rights and working conditions. The implementation act (2005) of the EU Directive No. 51/2003, having incidence on the Hungarian Accountancy Act (No. C of 2000), just opens the way for companies to publish CSR reports, but is still not obligatory.

Several acts and regulations encourage companies to undertake environmental protection. Among the most important are Act No. LXXXIX of 2003 on the fees on emissions and Act No. LVI of 1995 on environmental product fees. If a company cuts down on its emissions or tackles the recycling or reuse of materials, then, under these acts, the fee payable is reduced.

2.3. The Association measures for better understanding of CSR issues

2.3.1 Introduction of the Hungarian Enterprise Promotion Consortium (Members of the consortium are all the 19 counties and Budapest)

The full legal entity name is Hungarian Enterprise Promotion Network Consortium Non for Profit Ltd. (MVHK)

The Infrastructure of MVHK: Local Enterprise Agencies' (LEAs) NETWORK was created by the EU PHARE Programme 17 years ago. MVHK is comprised of 20 LEAs located in each 19 county seats of Hungary and one in the capital city, Budapest. More than 100 sub offices operated by MVHK in smaller cities and settlements, 14 incubator houses and 10 industrial parks in Hungary.

Human Resources Capacity of MVHK: 1, 100 consultants and experts (including top experts) implement SME promotion programmes of the Hungarian network on national level.

MVHK has about 200 employees nationwide (employed by the head and sub offices).

The Centre of MVHK has 2 full time employees at headquarter and an office manager.

Main Activities of MVHK:

- Representation and promotion of the interest of its members (local LEAs) vis-à-vis national and other European Union's Institutions in order to support professionally through its nationwide programmes Hungarian SMEs' development and competitiveness (consulting, training and credit facilities)
- Coordination of its members' activities (adaptation of best practices to local circumstances)
- Managing and implementing on going joint projects (Hungarian Micro credit projects, European Microfinance Network (EMN) membership: MVHK has been recently implemented a multibeneficiary gender equality project in collaboration with EMN)
- Lunch new initiatives, projects in the interest of national enterprise promotion (National Development Pole programme and its local related to some county seats)

Incomes of MVHK:

- Membership fees (local LEAs, their legal status mostly foundations or public benefit foundations)
- EU multi beneficiary projects
- New Hungary Development Plan projects (Hungarian Structural Funds: ERDF, ESF)
- National projects (grants and co financed Hungarian government programmes)
- Others (donations etc)

MVHK has taken part in the implementation of several EU projects (Implementation of National and Phare Institution Building, Cross Border Cooperation, Credo, IPP, INTERREG, TACIS programmes etc)

2.3.2 Programmes organized by the Associations

The MVHK Consortium is fully committed to the CSR issues. Therefore each Association in its region organizes programs to hand over its knowledge, improve the SMEs skills and competencies in CSR issues. However we would like to present all the activities we focus on the Pest County Foundation for Enterprise Promotion in the Central Hungary Region. Trough this we give a short overview

Basic consultancy for small and medium size enterprises

In the framework of the programme the Local Enterprise Agencies (LEAs) provided the elementary information essential for the successful operation and performance of enterprises in an economic/business environment significantly altered by the EU accession, on a wide scale from starting up businesses to developing business strategies, according to the principles of regional equality and nationwide accessibility. Our qualified and registered advisors, the uniform counselling methodology, the sector-neutral approach and the monitoring of client satisfaction ensured the quality of the consultancy service and the designing of the contents according to the real demands. By completing the basic consultancy service included in the program, both starting-up and already operating enterprises have received basic and detailed information, knowledge and data for successful performance on the market, which will promote the performance and growth of the businesses.

The consultancy service is free.

Employing disadvantaged women and disabled persons and improving their chances of employment in the Central Hungarian Region.

The main goal of the project was to employ women, unemployed workers and disabled persons, in active age but disadvantaged on the labour market, to help their return to the labour market and improve their chances of employment.

In the frame of the project 16 persons form the target group – mostly women over 40 years of age and mothers returning from maternal leave – received vocational training as social workers; 6 persons were trained as EU project administrators. Parallel with and after the training the project partners undertook to employ 13 social workers and 4 EU administrators. The Szivárvány Kht., one of the partners receiving the grant, has established a daycare center for the retired, beside its already existing retirement home. The Regional Association of the Disabled of the Central Hungarian Region improved the conditions of operation of the Support Service for the Disabled operating in Vác, by extending and modernising the office facilities and purchasing the necessary office supplies. Also, a Support Service for the Disabled was established in Dabas. The Pest County Foundation for Enterprise Promotion, beside organising and implementing the training and managing the project, also employed 1 project administrator. The Pest County Foundation for Enterprise Promotion, as co-operating partner, helped in selecting the target group and by providing other human services. In order to promote the efficiency of the project, the experts and external advisors of the project partners helped the successful integration of the target group on the labour market by performing mentoring and counselling activities.

2.3.3 Trainings and education for underprivileged people

Strengthening the intellectual potential of the Central Hungarian Region by providing programs and services promoting the integration of new graduates on the labour market

The main goal of the project was to effectively promote the integration of new graduates by realising complex training, ability development and labour market integration programs based on the co-operation of the Szent István University, the Pest County Foundation for Enterprise Promotion, the Budapest Foundation for Enterprise Promotion, the Job Centers of Pest County and the Capital and the Pest County Chamber of Agriculture.

In the frame of the project, the acquisition of experiences of students was promoted with the implementation of „Project Management”, „Ability Development Training” and „Business Knowledge” training programs and an Information and Co-ordination Center was established in Gödöllő, at the Szent István University.

REGINA model programme to foster the return of women to the labour market

The aim of the project was to develop and implement a model that makes possible on the long term the directing of women, over 40 years of age or having become inactive due to caring for their children, back to the labour market, in economically developed areas close to towns. The main goal of the model was to support the employment of mothers or promote their turning into entrepreneurs and provides quality help in solving the problem of „labour shortage” thus created in the families, relying mainly on women over 40.

The project promoted the return of women to the labour market by organising courses and trainings, elaborating curriculum for distance education, establishing the „Regional House of Women”, providing babysitting services and outwork possibilities and by organising trainings for employers and employees, to promote the creation of outworking and part-time jobs.

To solve the problem of labour shortage in the families the project had organised family helping courses and established an information network.

2.4. SMEs' knowledge and application of the CSR issues

2.4.1 The general level of awareness and engagement with CSR

Corporate ethics is today in its start-up phase in Hungary. This can be demonstrated by examining the incidence of ethical institutions.

It is almost exclusively multinational corporations and their subsidiaries that use vision or mission statements. However, smaller domestic companies, too, could use mission and vision statements to attract qualified employees, build teams and raise overall morale in the company. Such statements must be clear and concise, and easy enough for customers and investors to hear and understand. They would be a good

starting point for Hungarian companies in drawing up their ethical policy and conforming to the expectations of their stakeholders.

A second step toward corporate governance is the creation of other ethical institutions, such as a code of conduct or a social report. The EU and the World Bank together sponsored a survey of CSR in Poland, Slovakia and Hungary (Mazurkiewicz et al., 2005). This survey found that more than 60% of companies in Hungary have a code of conduct. Of the existing codes of conduct, roughly half are written and half are verbal. Most Hungarian respondents believe that having a code of conduct makes it easier to comply with legislation and gives their business a better chance of surviving in the long term.

There are some data on the motivation behind the implementation of ethical institutions: 91% of Hungarian companies believe there is a relationship between codes of conduct and cost savings, and nine out of ten respondents believe codes of conduct have an impact on a company's reputation. Other reported benefits of a code of conduct included better shareholder value, better employee relations, increased competitive advantage, alignment with industry trends, better risk management, access to new markets, better government relations and less pressure from business partners.

The vast majority of companies publish an annual report – it is, after all, a legal obligation. Public companies, very small and very large companies appear to publish the most.

Employees and owners are seen as the important stakeholders; aside from their needs being dealt with, it is mainly donations and sponsorship that are mentioned as CSR issues. It is noticeable that companies tend to equate CSR with PR or cause-related marketing, whereas government organizations mistake it for social provisioning.

There are too many charity foundations in Hungary; many of them deal with the same topic, and there is no objective measurement of their activities. Companies tend, therefore, either to have nothing to do with them at all or to sponsor one of them at random. Only a few multinationals have a sponsorship strategy.

2.4.2 The impact of the size and sector on CSR

The larger companies and those originating abroad use more CSR tools and donate more to social causes. In terms of sector, the service companies were most active. They have larger profit margins – and they are mostly subsidiaries of multinationals – so they have a greater opportunity for dealing with CSR. Actually, they have more profit incentives, too, as their 'products' are not distinctive and are mainly chosen based on empathy.

At the same time, the financial services sector seems very passive; it usually has little motivation to deal with CSR, and is under little pressure to do so.

2.4.3 Attitudes to CSR

The first type refers to large companies – which in Hungary means mainly multinationals – that want nothing whatsoever to do with CSR issues. They profess and follow the principle that the 'business of business is business'. They are usually from the financial services or chemicals sector. As it is the current fashion at least to talk about CSR, their number is declining.

The second type we call 'large instrumental'. This group includes the subsidiaries of multinationals as well. They are aware of all the CSR management tools, standards, assurances and practices, and they use them in a strategic way (as Porter and Kramer (2006) suggest). Their prime motivation for dealing with CSR is to build their reputation and trust, and to be more successful in the marketplace – though this does not rule social or environmental factors out as secondary benefits. These companies usually have a core business that harms the environment or society (oil, tobacco, alcohol products) or that crowds SMEs out of the market, so they must buy the goodwill of customers somehow. CSR issues belong in the PR or HR department (or both), and the communication of CSR activities is very important and highly charged. Most of the multinationals belong to this type.

We call the next type 'paternalistic'. The other six types are to be found in Western countries as well, but this group is typical only of the postsocialist countries. It includes large, mainly still state-owned companies that had an established social-provider system during the socialist era. They have preserved this – at least in part – and nowadays call it CSR. It mainly involves looking after the needs of employees and ex-employees.

There are also 'engaged' large companies. They have (or once had) a charismatic leader (or leaders) with real intrinsic motivation, commitment and a sense of personal responsibility. Right from the outset, there will have been manifestations of social and ethical considerations in their mission and business activities. This group uses certain CSR tools, such as standards or reporting guidelines, however, generally they do

not consider explicit CSR to be very important. CSR – as social and ethical engagement – is something that pervades every activity, not something that is imposed on them.

Hungarian SMEs, which are finding competition tough, do not usually have the opportunity to be explicitly responsible. This does not mean a total lack of ethical considerations, but CSR is not a separate or pronounced part of their business strategy.

SMEs usually start to use standards if this is a necessary prerequisite for them to become a supplier to a large company. Standards and assurance are expensive, and the Hungarian market is not particularly concerned whether or not a company achieves them. So it is only worthwhile using them if a customer requires it.

Fortunately, there are successful small and medium-sized companies that are led by someone with real empathy and commitment to society. They care about other people and the environment because their conscience dictates it. We call these ‘small engaged’ companies. Aside from their professional expertise, employees are chosen for their emotional intelligence, so the whole staff follows ethical values in every operation. Unfortunately, there are only a few representatives of this group. We include in this group companies that once upon a time attained accreditation, but now use only the principles because the standards and guidelines are too expensive for them to keep up.

Of course, it is very difficult to decide whether a company uses CSR in an instrumental or engaged way. In a way, the more explicit form of CSR is generally a result of market pressure and the business case that can be made. Naturally, the use of explicit CSR tools does not necessarily indicate a lack of intrinsic motivation, but engaged companies sometimes hardly employ the language of CSR at all, using only the ethical principles underlying it (‘implicit CSR’, Matten and Moon, 2007).

2.4.4 Best practices

1. Éva-Baker Ltd.

Company	Éva-Baker Kft.						
Business sector	Fresh baked products						
Address	Árpád u. 31, 2628 Szob, Hungry						
Telephone	+36-30-9894758						
Email address:	eva-baker@invitel.hu						
Web site:	n.a.						
Number of employees							
<i>Full time</i>	9	<i>Male</i>	5	<i>Female</i>	4	<i>Total</i>	9
<i>Part time</i>	6	<i>Male</i>	2	<i>Female</i>	4	<i>Total</i>	6

Company and CSR processes presentation

The founder and the Managing Director of the company is Éva Polónyi. Besides the headquarter, the enterprise has 1 plant and 2 branches. Production is made in the headquarter and in one of the branches. One part of the products goes directly in the retail trade, in the shops of the enterprise. The bakery operates according to the regulations of the HACCP rules, and has certificate of it.

The bakery produces 20 types of bread, bakery products (crescent and rolls), 35 types of fine bakery products (e.g. cheese-cloth, cocoa rolls), 15 types of bakery products with high fiber content, fulfilling the needs for healthy nourishment (high rye and corn based products). The production capacity is over 5 quintals of bread and 1000-1000 bakery products per type. The company operates with a reasonable gross margin to be able to achieve a sustainable growth and to provide for the citizens of the region fresh bakery products on reasonable prices. This is also elementary for a fair remuneration package of the employees. The continuous development in products and services is the trademark of the company.

The raw material suppliers of the company are high quality suppliers; most of them are owners of the MSZ EN ISO certificates, because the company believes that quality product is made of quality raw materials, with dedicated employees for local people. (Suppliers like: Gyermelyi Malom, Váci Malom, Gold King Kft., Graba Kft., Csubi-Ker Kft., Terla Kft., Puratos Kft)

The company sells the products through its own shops, for institutions operated by the local government and public institutions (Pensionary Home, penitentiary, kindergartens and schools)
 The company has around 60 retail partners including small local supermarkets in the surrounding settlements. (Kóspallag, Hont, Letkés, Kemence, Verőce, Kismaros, Nagymaros)

What Corporate Social Responsibility represents for Éva-Baker Kft.?

The Corporate Social Responsibility is a voluntary choice of some companies to be integrated into the social and ecological cares both making business and during their relationships with the stakeholders (European Commission's Green Paper, 2001).

According to Éva-Baker Kft., the main concepts on this topic are the following:

Individual responsibility	The continuous commitment of the employees stands in the background of the outstanding quality and continuous development, which is the strong basis of the company's success. Without the liable behavior of the employees the long-term growth would be inconceivable.
Responsible management of the company	The professional experience and the exceptional relations of the management raise the company out from the other companies with same profile in the region. The assumptions of the management through the employees are always taking into consideration the professional development of them. The company with its suppliers, customers, partners and employees is carrying on an ethic treatment and fair trade, being outstanding from the enterprises in the region.

How the company implements CSR

The following chart describes the way Éva-Baker Kft., implements CSR within the company.

The three columns in the table show the intervention areas, the activities within each area and the specific actions the company carries out to finalize the activities.

INTERVENTION AREAS	ACTIVITIES	ACTIONS
HUMAN RESOURCES	Training	The company is helping the employees to develop and is patronizing them to attend courses to become better within their profession. Training on food safety, environment protection for all the employees
	Equal opportunity employer	There is no difference on sex, age, gender, and religion when employing people.
	Internal communications	Newsletters to inform the employees about the upcoming events and possibilities of preferential buying opportunities for the employees.
	Labor code implementation with special attention on the delicate points	Checking always the changing in the regulations and trying to be always one step ahead. Giving to the employees what the regulations are permitting but not yet obligatory.
PARTNERS	Keeping the good relations with partners.	Fair accounting, payments in time, notifying the partners about all the changes occurring in time, and equal treatment of all the partners.
CUSTOMERS	Developing the market always taking into consideration the satisfaction of the customers.	Market development strategy based on the feedbacks and notification of the customers.

SUPPLIERS	The suppliers are selected on the bases of the CSR	Promoting equal opportunity and availabilities of the transparency, the company is doing its selections based on these.
FINANCIAL PARTNER	Banks and insurance companies are in relation with the company	Local companies increased relation, local employees.
GOVERNMENT, LOCAL ENTITIES, PUBLIC ADMINISTRATION	Close relation with public institutions.	Local tax payment, information given when requested, fulfilment of other requests always in time.
CIVIL SOCIETY	Non-profit Associations, Civil Society	Working closely with non-profit associations in several projects helping both the association and improving the competitiveness of the company.
		Participation on fairs in related subjects to increase and disclose the CSR issues and increase the reputation.
		Participating in donations for disabled people, with products disposable.
ENVIRONMENT	Management of the waste, wastewater, rejects and empties	Discarding all kinds of waste if possible selectively if not then in accordance with the local regulations and applicable laws.
GOOD MANAGEMENT	Strategy in mid term and long term	Continuous detailed planning ahead in midterm and rough planning ahead in long term puts the company ahead of the others and on the sustainable growth track.
	Management administration and	Usage of legal software in administration and finance, payment of wages and taxes always in time.

2. D-Pack Ltd.

Company	D-Pack Kft.						
Business sector	Packaging material production						
Address	Szent János u. 1., 2370 Dabas, Hungary						
Telephone	+36-30-239-5029						
Email address:	d.pack@mail.datanet.hu						
Web site:	n.a.						
Number of employees							
<i>Full time</i>	16	<i>Male</i>	3	<i>Female</i>	13	<i>Total</i>	16
<i>Part time</i>		<i>Male</i>		<i>Female</i>		<i>Total</i>	

Company and CSR processes presentation

The company is the successor of the Hullám-Pack Kft., founded in 1989. It was established as a family owned company with 3 owners. 2 owners are fulfilling the Managing Directors position. Main activity of the company is the production and trading of packaging tools of cardboard and corrugated cardboard materials, primarily different sizes and types of boxes.

These boxes are produced with inscriptions, graphics made with sieve printing technology or without any artwork. The customers are from companies from all parts of the economy, financial corporations, food industry, chemical industry, and agriculture. The production activity is broadened with the distribution of other packaging materials from local production or import.

The production plant is situated inside the Industrial Park Dabas, and is about 2000 m². The equipment for the preparing and the box producing are located here. The printing is made on a semi-automatic printing machine.

In the terms of continuous development the company has made every year in the last 8 years one or two investment in equipment. These investments were the engines of continuous modernization.

With the increase and moving to the Industrial Park Dabas there was a strict partition of production and warehousing.

Thanks to these and to further increase the competitiveness of the company in 2006 it was established, introduced the MSZ EN ISO 9001:2001 standard and since then operates according to this.

This growing and continuous accretion is due to the proper approach of the company, namely the qualitative and quantitative fulfilment of the costumers needs.

What Corporate Social Responsibility represents for D-Pack Kft.?

The Corporate Social Responsibility is a voluntary choice of some companies to be integrated into the social and ecological cares both making business and during their relationships with the stakeholders (European Commission's Green Paper, 2001).

According to D-Pack Kft., the main concepts on this topic are the following:

Individual responsibility	The Corporate Social Responsibility cannot be realized without the liable thinking and calling of the individuals. The individual Social Responsibility has to forerun the Corporate Social Responsibility.
Responsible management of the company	The management has voted for the sustainable growth and continuous development, employing local people and if possible choosing suppliers operating in the region, hoping to contribute with this to the development of the employees and the region.

How the company implements CSR

The following chart describes the way D-Pack Kft. implements CSR within the company.

The three columns in the table show the intervention areas, the activities within each area and the specific actions the company carries out to finalize the activities.

INTERVENTION AREAS	ACTIVITIES	ACTIONS
HUMAN RESOURCES	Training	The continuous training is the most important in this environment, where new technologies are coming frequently in the production line. The professional development of the employees is one of the keys to the success of the company
	Equal opportunity employer	The production plant was built on the concept of helping disabled people to access the site. All the employees got training on equal opportunity act of the company given by the Managing Director.

	Internal communications	The projects and development program is shared with the employees; the employment opportunities are shared with them too.
	Labor code implementation with special attention on the delicate points	The employees can work with flexible working hours, meaning that for 6 till 6 when they want. When employing people the management is making no difference on sex, age, gender, and religion.
PARTNERS	Continuous development of the relation with the partners	Increasing the payment punctuality, and developing the communication method with the partners.
CUSTOMERS	Handling the more than 150 customers	Being precise always helped to develop the customers range and to maintain and enrich the relation with them
SUPPLIERS	Partners are at all times handled with high care	Ethics in trading with partners is the main issue of the responsible behaviour.
FINANCIAL PARTNER	Banks and insurance companies	Local companies increased relation, local employees.
GOVERNMENT, LOCAL ENTITIES, PUBLIC ADMINISTRATION	Close relation with public institutions.	Local tax payment, information given when requested, fulfilment of other requests always in time.
CIVIL SOCIETY	Civil Society, non-profit associations, charity	<p>The company has strong relation with associations. Applying for funds is easier with the help of them.</p> <p>The competitive environment is requesting the increased presence at fairs and exhibitions, where new partners, suppliers and eventually new customers can be reached.</p> <p>In order to widespread the CSR theory the company is doing all its best in the region, by participating on meetings and events organized with this issue.</p> <p>Participating in donations for non-profit associations helping disabled people.</p>
	Relation with the media	The running projects, public information regarding the company are presented in local TV and in the local labour organization.
ENVIRONMENT	Waste management	The waste discharge is solved on a contractual basis by 2 partners. They are responsible of taking all the wastes from the production plant and to destroy it according to the local regulations and applicable laws.
GOOD MANAGEMENT	Strategically thinking and planning	The planning on mid and long term puts the company ahead of the others. By taking the CSR issues into consideration, the company becomes well known within the region. The sustainable growth can be achieved by precise planning and execution, not just by the management but also by the employees themselves.

Administration management	and	Precise administration, traceability and use of management tools are the key to high performance.
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3. Száll-Ker-Plaszt Ltd.

Company	SZALL-KER-PLAST LTD.						
Business sector	Plastic products						
Address	Lakos doktor u. 23., 2370 Dabas, Hungry						
Telephone	+36-20-9429-186						
Email address:	szall_ker@freemail.hu						
Web site:	n.a.						
Number of employees							
<i>Full time</i>	15	<i>Male</i>	6	<i>Female</i>	9	<i>Total</i>	15
<i>Part time</i>		<i>Male</i>		<i>Female</i>		<i>Total</i>	

Company and CSR processes presentation

The Száll-Ker-Plaszt Kft. was founded in 1997 as a successor of Száll-Ker Bt.. The plastic products made with injection molding technology were started in 1994, when the company ended its previous activity. The dynamic growth resulted in the change of the corporate form, increase of the capital stock and finally in 2001 the name was amended to its profile.

The main activity of the company is production and distribution plastic product. The company was founded as family business; the two owners are the managing directors too.

The 30 kinds of products of the company made today are manufactured on 3 injection molding equipment. According to the needs of the diverse products different raw material is used for production. The products are made mainly from polypropylene, polyamide, polyethylene, polystyrene and polycarbonate. The manufactured product can be divided in four categories. The first and biggest group is mobile phone accessories, spare parts, spectacle-cases and its accessories.

The second biggest part is the production of plastic components for locally produced convectors. The next group consists of accessories, soles, slides, handles, hinges, and ornaments for furniture manufacturers. Last but not least the company is delivering for the National Railway Company special high durable plastic lining used in the maintenance of the sleepers.

The company purchases the raw material and sells its final product on the local market. 90% of the products are delivered to other companies and just 10% of the income is coming from local retail and wholesaling activities.

To follow the strategy of at least one step ahead of the others, the company introduced in 2004 the MSZ EN ISO 9001:2001 standard.

Being environment sensitive company the cooling technology of the equipments is on a closed system. This is helping them to decrease the waste water quantity. Still most of the companies with similar profile are not using this type of technology.

What Corporate Social Responsibility represents for SZALL-KER-PLAST Kft.?

The Corporate Social Responsibility is a voluntary choice of some companies to be integrated into the social and ecological cares both making business and during their relationships with the stakeholders (European Commission's Green Paper, July 2001).

According to Száll-Ker-Plaszt Kft., the main concepts on this topic are the following:

Individual responsibility	The responsibility of individuals is the result of their motivation. Trough continuous motivation and training the commitment can be kept on a very high level. If the employee knows its place within the process and knows that every step of the process is equally important will be fully aware of its responsibility.
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Responsible management of the company	The continuous technological development with special attention to the environment and recycling, continuous training of the employees, the social sensitivity and care for disabled and disadvantaged people is raising up the company within the other same profiled companies in the region where operates.
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How the company implements CSR

The following chart describes the way Száll-Ker-Plast Kft. implements CSR within the company.

The three columns in the table show the intervention areas, the activities within each area and the specific actions the company carries out to finalize the activities.

INTERVENTION AREAS	ACTIVITIES	ACTIONS
HUMAN RESOURCES	Training	Continuous training is organized with the continuous introduction of the new production equipment, not just for safety reasons but also for high quality work and low waste rates. The employees are supported to attend courses for their own professional growth.
	Equal opportunity employer	The company employs disabled and disadvantaged people, with the help of the local labour organization. During the expansion tries (and in most cases succeeds) to employ chronic unemployed people. When employing somebody never makes difference on sex, age, gender, and religion when employing people.
	Internal communications	The employees are informed about the upcoming expansions, and training possibilities.
	Labour code implementation	The labour code is always fully respected. Even the recommendations regarding labour issues are kept too. The company tries to anticipate the modifications.
PARTNERS	Partner development	The company emphasizes the employees' rights also for the partners. The good and punctual financial relationship is helping this. All sizes of partners are treated in the same equal way.
CUSTOMERS	Delivering quality trough quality.	Increase the precision of service in all senses, by requesting feedback regularly for customers.
SUPPLIERS	Quality from the beginning	Requesting the quality from suppliers, only one supplier is from outside Hungary. Continuous monitoring of the incoming materials.
FINANCIAL PARTNER	Banks and insurance companies	Local companies increased relation, local employees.
GOVERNMENT, LOCAL ENTITIES, PUBLIC ADMINISTRATION	Close relation with public institutions.	The local taxes are paid always in time. All the other information inquiries and request of the local government are fulfilled.

CIVIL SOCIETY	Non-profit Associations, Civil Society, charity,	<p>Employing disabled and disadvantaged people with the help of the tender won with the help of Ministry of Social Affairs and Labour</p> <p>Several tenders for increasing the capacity of equipment and number of employees with the professional help of non-profit associations.</p> <p>Participation on fairs to find always the best solutions for the sustainable growth.</p> <p>Donating when possible for disabled people.</p> <p>Aiding the local programs, with donations.</p>
ENVIRONMENT	Management of the waste.	<p>There are no plastic residuals, because everything is grinded and recycled inside the plant and reused for the same type of product again. All other wastes are discarded separately and in accordance with the applicable laws.</p> <p>The cooling water of the equipments is circulated in a closed system not increasing the load on the environment by letting it in the duct.</p>
GOOD MANAGEMENT	Planning on mid and long term	To be always ahead of the others there is a strong need for precise planning in mid term. The strategically important issues are decided also on long term.
	Administration and management	Using the necessary software tools for the smooth flow of administration and management monitoring.

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BASELINE STUDY ON CORPORATE SOCIAL RESPONSIBILITY PRACTICES IN HUNGARY
2007

SLOVENIA

2.1 National Overview on CSR Issues in the Republic of Slovenia

2.1.1 Introduction

In Slovenia, the first systematic activities concerning the promotion of CSR began in the 90's. Environmental issues – i.e. waste management – were raised already some years earlier. Standard ISO 14000 was adopted in 1996 and the first certificate ISO 14000 was given in 1996. CSR issues appeared spontaneously – topic by topic - and were discussed (besides within and by most directly concerned interest groups), mostly on two levels: by experts on academic level and /or by some most advanced top managers. Both were usually supported by certain media.

Searching for a most competitive position in a global economy, a few top companies in Slovenia started by presenting their positive attitude and acting on several issues that were not directly (or not at all) linked to profit goals. They wanted to emphasise their endeavours for ecological patterns, internal environment (employees), business ethics etc. CSR became a kind of modern slogan that brought significant attention of public (including customers of course) and also raising awareness that these issues were going to become an important factor for business orientation that would create a significant market. Thus, both points of view - non-profit and profit oriented behaviour – were again somehow converging towards the same goals.

In 1999, an analysis named “CSR in 5 Slovenian top companies” was carried out. The author combined research on the level of organisation and research on the level of individual managers. He analysed five CSR elements as: business ethics, ecology, local community, internal environments and customers' relations. Ecological issues were top ranked by all 5 companies (with average value 4,3) due to the fact that their production has had a direct impact on the environment and that they all, being important exporters, had already been forced to adapt to demanding standards from abroad concerning product safety and ecological demand. Equally top ranked (4,3 a.v.) were customers relations – as a basic pillar for all successful and less successful companies competing in a global market. Internal environment came next (4,0 a.v.), while all companies believed that healthy, satisfied and motivated employees are decisive factor for higher and higher quality demands of customers. Local community (given a. v. 3,8) as well was generally marked as important and inevitable factor of influence, therefore all companies regularly pay surveys on their most important interest groups and implement results into their own strategic plans. Last but not least, business ethics (with 3,2 a. v.) was considered as important, but nevertheless only one of five companies ranked it as very important.

All 5 companies declared that CSR issues were very important on the financial scale as well and would be even more important in future.

Of course, the survey on CSR, obtained by 5 top performing Slovenian companies did not give a general picture for Slovenia. Nevertheless, the mentioned survey was followed by quite some similar ones and CSR topics were given more importance and were more and more spoken about. Many other companies became aware that CSR could not be ignored or avoided (any more) and included CSR issues, little by little, into their strategies, plans, operation and PR activities. More big and some medium companies accepted so-called “social reporting” based on CSR principles. In order to support this approach and practice, an award for the best yearly report (for share owned companies) was also introduced. It has to be stressed that media played an important role for promoting this idea. And PR agencies as well responded with enthusiasm to this new trend - they definitely found a new niche in the market for their services.

In 2002, another research on CSR – focused on SMEs – was performed. It mainly analysed enterprises' relation towards external social environment. A sample of 1153 enterprises brought the following results: almost 67% of them (which was higher than the European average with 49%!) were involved in different forms of CSR – as sport, culture, education and training. Enterprises acted as donators, sponsors etc. and, in a great deal, linked those activities with market and/or PR campaigns. Strategic approach was discovered only in a few enterprises. Social engagement was understood mainly as ethics and humanity. As a principal business benefit of CSR, higher loyalty of customers and better relations with partners and investors were listed. While, 33% of managers from analysed enterprises stated the lack of money as one of the main reasons of not including CSR principles into their business

Furthermore, public administration, being an out-side observer during several years, appeared on the stage with own activities in the field of CSR. Thus, Inter-Ministerial Working Group (IMWG) was established

in 2005, comprising of all the ministries and government offices involved in the promotion of social responsibility in their respective fields of work.

2.1.2 Other activities implemented at National level

In order to ensure a legal framework as a minimum basis for socially responsible behaviour of individuals, companies and organisations and the society as a whole, including monitoring of their implementation, the Government is striving to promote CSR elements beyond the legally provided standards. Such efforts include an array of activities implemented, co-developed or at least somehow supported by Ministries in different fields.

As a rule, the activities are focused on responsible activities through different competitions, awards, education and training, presentation and promotion of good practice, such as, for instance:

- Best practice award in the field of safety at work,
- Family friendly policy – certificate for family friendly company,
- Provision of employment opportunities for de-privileged people and promotion of equal opportunities,
- Promotion of consumer rights,
- Promotion of organic farming,
- Award for business excellence,
- Award for best yearly report
- Promotion of CSR elements in different formal educational programmes, etc.

National Report on Public Policy in the Field of Corporate Social Responsibility

At the beginning of 2006, the Government of the Republic of Slovenia adopted the National Report on Public Policy in the Field of Corporate Social Responsibility. The National Report, was prepared by Inter-Ministerial Working Group (IMWG), has presented numerous activities, primarily public actions, implemented by individual ministries aiming at the promotion of social responsibility, provision of transparency and development of public support policies. In addition to the Report preparation, the IMWG group was assigned to draft elements for future government policy in this field.

There was an array of activities reported by various ministries, as follows:

Ministry of Labour, Family and Social Affairs (MoLFSA)

In the field of the social rights, MoLFSA specifically promotes respecting of working standards, social dialogue and collective agreements as a method of seeking solutions between employers and employees, co-ordinating and implementing also activities in the field of three-party agreements between trade unions, employers and the Government.

Health and safety at work: the main activity is focused on raising awareness on the importance of safe and healthy working environment. Every year, there is a competition organised with a purpose of granting an acknowledgement for the best practice in the field of health and safety at work. The topics vary from year to year (covering, e.g., safety in the construction sector, management of chemicals, prevention of noise, etc.). In addition to the respective topic, the Ministry evaluates also the company's general policy related to employees, environment and the stakeholders.

Family promotion policy includes numerous activities aiming at the promotion of family friendly environment. In 2006, the Ministry introduced a certificate of »Family Friendly Enterprise« (co-funded by the EU Commission under the Equal Initiative). In 2006/2007, the project was a pilot, however, it is expected to become a permanent practice under the Ministry. Implementation of the Family Friendly Enterprise certificate is based on the »European Family Audit« licence developed by German organisation Berufundfamilie and currently implemented in Germany, Austria, Hungary and Italy. The certificate is acquired through an auditing procedure aiming at evaluation of the enterprise and advising the employers as to which tools should be used for improvement of human resource management under the context of harmonisation of professional and family lives of employees. Acquisition of the basic certificate is based on the enterprise audit (3 – 4 months). Working in close cooperation with an external consultant, the involved company defines the measures to be introduced aiming at improvement of organisation and working environment with a purpose to improve harmonisation of professional and family life. Typically, the measures concern: working time, organisation of work, working place, internal information and communication policies, management skills, HR development, compensation structure and awarding of achievements, services for families. Three years after acquiring the basic certificate, the company is re-

audited in order to check-up whether the measures have been properly introduced and the goals attained. In case of positive evaluation, the company shall obtain the Family Friendly Enterprise certificate. Under the pilot project, the basic certificate was awarded to 32 companies (2007).

Unemployed, deprived target groups in labour market

The Ministry has introduced several activities in this field, for instance:

- Seeking new solutions for employment of the most *vulnerable target groups* on the labour market (under the EQUAL Initiative), including prevention of all kinds of discrimination. There were over 20 partnerships of providers established throughout Slovenia, working also with other EU Member States;
- Under the Governmental programme Active Employment Policy, unemployed persons facing *difficulties with employment* (such as: first job seekers, drop-outs from regular/vocational education, older people, people with disabilities, etc.) are given priority in their re-integration into the labour market. As for instance, they are eligible for special subsidies or incentives for self-employment, they may be reimbursed for education/training expenses, their employers may be compensated for a part of respective employees' salary or reimbursed for expenses related to on-the-job training or for employment rehabilitation;
- In addition to that, under the Public Works Programme (special scheme for long-term unemployed aiming at development of their skills and keeping their employability), in granting concessions to the employers under this scheme, employment agencies check-up ethical behaviour of employers concerning employees;
- Special emphasis is given, however, to integration of *people with disabilities* into employment. Through the new law on rehabilitation for employment, the Ministry has introduced new incentives for enterprises employing disabled people. The scheme is based on so-called quota system, which was introduced in 2006: the employers employing disabled people over the minimum determined by the law are exempted from payment of mandatory pension and disability contributions, being also eligible for special award. The award for good practice in employment of persons with disabilities was introduced in 2003.
- Special emphasis is given also to the promotion of employment of ethnical groups (i.e., Roms) and other target groups (e.g., former drug addicts, people released from imprisonment, victims of violence and others) with a purpose to enable them to re-integrate into the society through employment.

Ministry of the Environment and Spatial Planning

In 2007, the Ministry of the Environment adopted the National Environmental Action Programme, covering the following basic goals: reduction of greenhouse gas emissions, protection and conservation of natural systems, contribution to high quality of life and social welfare of citizens through the provision of clean environment and sustainable natural resource management and waste treatment. The National Action Programme provides also for a guidance and starting points for conservation of biotic diversity.

The Ministry provides for regulations promoting responsible treatment of waste packaging (national system of waste packaging management was introduced in 2004). In addition, the Ministry promotes responsible treatment of waste by consumers (including both, waste generation and its disposal) through the promotion of changes in mind-set related to purchasing with respect of waste generation, as well as responsible attitude to waste in general (separate collection of waste). The Ministry is also striving to reduce and prevent the impact of noise, and to increase efficiency in energy consumption and the use of renewable sources.

Furthermore, the Ministry introduced »green public procurements« aiming at directing a high public sector's purchase power into selection of environmental friendly goods and services. Green public procurements are expected to result in increased supply of energy and other services, and in accelerated development of energy and environmental technologies; but above all, the Government holds the initiative up as an example to companies and citizens.

Ministry of the Economy

Under the Ministry, there are several bodies taking care of corporate social responsibility – related issues, e.g.:

- *The Consumer Protection Office* takes care of informing consumers about their rights;
- There operates *National Focal Point* monitoring the implementation of the OECD guidelines.

The Ministry proposed several amendments to the existing laws covering company business reporting, aiming at mandatory inclusion of information related to protection of the environment, management of human resources and information on using of and complying with professional codes of conduct into company business reports. Such amendments were adopted by the Companies Act, entered into force since 2006.

Ministry of Agriculture, Forestry and Food

Among social responsibility-related activities implemented by the Ministry of Agriculture, Forestry and Food, it is worth mentioning their promotion of sustainable farming. All sustainable forms of farming are Slovenia's long-term strategic orientation included in all strategic documents in the field of agriculture. Special importance and role are given to organic farming aiming at conservation and improvement of biotic diversity, preservation of drinking water sources, preservation of cultural landscape and protection of the environment in general.

Topics on organic farming are detailed in the National Plan on Long-term Organic Farming Development in Slovenia (for the period by 2015) covering several issues and promotion schemes, such as: support for organic farming, processing and marketing of organic foods, certification, education, consulting, supervisory systems and scientific and research work in this field.

The Ministry is striving to increase the volume of such farming, including also related activities in rural areas, directly, through incentives provided to the farming sector. Among other efforts, there is a national certificate for organic product used. It is granted by an institution authorised by the Government. There are also special trademarks for products manufactured in environmentally friendly manner, healthy products, etc. These marks/certificates are granted by private initiatives and associations based on strict evaluation criteria.

In its public tenders, the Ministry gives priority to farmers involved with organic farming.

Ministry of Higher Education, Science and Technology

The Office for Metrology, a body operating under the Ministry of Higher Education, Science and Technology, is responsible for the development and implementation of the European concept of excellence in Slovenia. The Business Excellence Award is the national top acknowledgement for quality achievements in products and services, and excellence in operations resulting from development of knowledge and innovations. The quality award is granted in favour of several categories: large companies (over 250 employees), small and medium-sized companies (up to 250 employees) and to organisations operating in public sector. The concept is based on the evaluation framework for analysing business excellence under the European Quality Award and includes comprehensive measuring system and permanent improvement in all key fields of company operations.

Corporate social responsibility has become increasingly important element in educational curricula at higher educational levels. Accordingly, in the universities, there are under-graduate and post-graduate study programmes related to business environment and business ethics, including also elements of corporate social responsibility.

Through the Slovenian Research Agency, the government co-funds various research projects related to CSR issues. Under designing of the so-called Target Research Programmes, for instance, there are individual ministries involved taking care of CSR elements, and in agriculture, there is only research linked to organic farming supported.

Ministry of Education and Sports

The Ministry of Education and Sports promotes and facilitates social responsibility primarily through the contents of key qualifications and individual subjects presented to students through curricula at all levels of primary and secondary education. Through natural sciences, the students learn about responsible attitude to life, health, nature and environment. In the field of social sciences, the students acquire, among others, recognition and respect of diversity and respect of equal opportunities, learn on taking over joint responsibilities, striving for active citizenship and contribution to more fair and equal society.

Based on Placement of Children with Special Needs Act, the Ministry implements the policy of social inclusion aiming at better access and provision of equal opportunities to students with special needs.

In 2005, based on the Strategy of involvement of Roms in the educational system, the Ministry worked out the respective Action Programme, which has resulted in improved involvement of Rom students in the educational system and improved study results, ensuring thus higher employability of Roms.

Since 2006, the Ministry has been involved in reconstruction of educational programmes at secondary level in accordance with the existing EU guidelines in this matter. Over 20 vocational and professional educational programmes have been renovated by now, involving under the renovation process social partners, which will participate also in their implementation.

The Ministry has intended an important part of its efforts to the implementation of lifelong learning, which has been promoted through public programmes and support (including subsidies based on public tenders) for providers from public and private sectors, lifelong learning centres, etc.

In the field of sports, the Ministry stimulates companies to invest in the domain of sports associations by using the form of sponsorships and donations for national representations, Olympic representations, as well as to support local clubs and associations for topmost sports, youth and sports recreation at local community levels.

Office for Equal Opportunities

The Office for Equal Opportunities works as a body under the Slovenian Government. Its main aim is to raise awareness in favour of prevention and reduction of all kinds of discriminatory treatment of citizens, including all forms of discrimination at work. The Office is also involved in an array of activities promoting social inclusion among different target groups of (potentially) socially excluded persons, including women, deprived persons, persons with disabilities and others.

Under the Office, there works a Defender of Equal Opportunities for Men and Women and a Defender of Equal Opportunities. The Office organizes promotion campaigns (posters, dissemination of information through media), sponsors initiatives of other organisations, including NGOs; it organizes and conducts discussions, conferences, consultations, etc., and submits proposals for regulations to the Government.

Under raising awareness of employers, the Office provides for information and advice of benefits arising from CSR, namely by distribution of brochures (e.g., My Rights, Sexual Harassment at Work, Non-discrimination) and posters (e.g., (I) Do not harass) aiming primarily on raising awareness of decent working environment.

Concerning harmonisation of professional and family life, the Office implements the action on improvement of involvement of men in the harmonisation of professional and family issues.

Other governmental initiatives

In 2004, the Government of Slovenia adopted a decision on respecting the principles of balanced gender representation aiming at reduction of vertical and horizontal segregation of men and women. Accordingly, the Government is obliged to respect the balanced gender principle in structuring of advisory, coordinating and other working bodies, assignment of governmental representatives to management of public enterprises and in structures of professional councils.

Other initiatives and activities

Numerous initiatives and activities in the domain of social responsibilities, including international networking, are implemented also by non-government organisations, Chamber of Commerce and Industry of Slovenia (see chapter 3), other chambers (Chamber of Craft of Slovenia) and different branch and professional associations.

The Government or some specific ministries have supported an increasingly large number of initiatives started by private sector, NGOs and other organisations of the civil society relating to CSR elements in various fields: human resources, equal opportunities, environment and community issues, etc.

Some of visible initiatives promoted, facilitated and/or sponsored by the Government were, for instance: The Ministry of Labour, Family and Social Affairs has sponsored publication of a guidance on disability management at work (based on relevant ILO code of conduct), which was published by the Institute for Rehabilitation and Association of Disabled from Work. This guidance was already signed by several trade unions and by the CCI as the representative of employers.

The Ministry of the Economy sponsors publication of a magazine for consumers (issued by the Consumer Association of Slovenia).

Business Sector

According to some recent research concerning the practice of CSR (Survey on CSR Reporting, 2006), there is a prevailing opinion that Slovenian companies still understand CSR mostly as compliance with

the requirements of the laws and an opportunity for occasional (so-called) social, sports and cultural marketing in the nature of sponsoring activities and events from these fields.

However, some empirical surveys implemented under different projects have indicated numerous examples of social responsible behaviour; many of them have not been formally identified and named as “social responsibility” and not formally reported. As established by the above-mentioned National Report, there is a growing interest in the promotion of social responsibility and development of different forms of related actions in Slovenia in private sector. Companies present themselves by numerous acknowledgements and certificates, such as: Business Excellence Award of the Republic of Slovenia, Certificate for Family Friendly Enterprise, The Best Employer, Investors in People, etc. Among standards, the best-known one in Slovenia is SA 8000. There are also various codes of conduct (e.g., different codes of professional ethics and conduct), and numerous elements of responsible behaviour to the environment, employees and stakeholders, etc. There are also elements of fair trade and examples of socially responsible investing funds.

2.2 National legislation on employment and labour security

2.2.1 Slovenian labour market

For over 15 years, the Slovenian labour market was characterised by quite high unemployment rates. Recently, the overall unemployment rate has substantially decreased and accounted at the end of 2007 for 4.7% (which is substantially below the average EU rate); out of which, the unemployment rate in men accounted for 4.0% and in women to 5.7%.

However, there are still specific groups keeping high unemployment rates. The highest one - almost 13% - was recorded among young people (under 25 years of age), particularly among highly skilled first-job seekers. Unemployment rates are also high among women, particularly in the population of over 40 years of age. In addition, long-term unemployment (over 12 months) appears to be a significant problem: according to official data, almost one-half of unemployed population can be considered long-term unemployed, which is particularly obvious in older unemployed, the share of which has steadily increased.

For over a decade, Slovenia’s labour market has been characterised by significant structural discrepancies between demand for and supply of jobs shown in all fields: educational level and skills, professions, age and gender. This issue was particularly expressed in 2006 – 2007 where demands for specific (vocational) profiles could not be fulfilled, while the country, for instance, still showed substantial unemployment rates among young, well-educated population, women, older population and long-term unemployed.

Specific group on the labour market are persons with disabilities, facing difficulties with employment, which results in higher unemployment rates and longer unemployment periods in this population. Consequently, their share in total unemployed population exceeds 20%.

Active women in Slovenia exceed the EU average, which is not the case for men, and in average, women carry out more working hours weekly. Gender disparities are shown in salaries (for the same job, men would earn some 10 percent points more than women, which is the most expressly shown among highly educated people). There are also substantial gender differences in entrepreneurial activities, particularly in early entrepreneurial activities among young population.

Labour legislation

The rights of workers are determined by labour legislation (Employment Act with collective agreements, laws and regulations governing specific fields of employment and specific target groups). Legislation provides for minimum standards for employees and minimum obligations of employers, including safety at work, maximum weekly working hours, paid breaks, annual leave, sick leave, maternity leave, minimum salaries, etc. The laws expressly prohibit any form of discrimination among candidates for employment, whether based on gender, race, nationality, health condition or disability, age, marital status, sex orientation, personal circumstances, and similar. The laws include also provisions determining possibilities for flexible forms of employment, part-time jobs, home-based jobs, flexible working time, etc.

In national strategic and implementing documents, there is an array of measures promoting life long learning, including incentives for employers implementing such measures. The law on workers participation in company management adopted last year has provided employers with additional possibilities for motivation of their employees. In February 2008, the Slovenian Parliament adopted a new legislation for employee share ownership and financial participation.

Main fields concerning employment, the employees' rights and respective obligations by employers are presented under the following Items.

General

Prohibition of any form of discrimination: The law expressly prohibit any form of discrimination among candidates for employment, whether based on gender, race, national or social origin, health condition or disability, age, marital status, sex orientation or any other personal circumstances, expressed either in direct or indirect form. For instance: when entering into employment contract, employer is not allowed to request from the employee any data related top family or marital status, pregnancy, planning of family, etc., if such data is not directly related to employment.

Equal gender-related opportunities: The law specifically sets out that men and women shall be provided with equal treatment in employment, promotion, training, re-training, education, salaries and wages and other compensations, absence from work, working environment, working time and termination of their employment contracts. More specifically, it is determined that the employer must not publish vacant jobs only for men (or women) and shall not give priority to specific gender in employment (except in cases where gender is a necessary condition for performance of job).

Employers are obliged to provide all employees, with no regard to gender, with equal payment for equal work. As set out by the law, any deviations from this provision shall be void.

Respect of the employee's personality, privacy and dignity: The employer is obliged to respect the employees' personality and consider and protect their privacy. The employer is obliged to take care for the working environment where no employee shall be exposed to any undesired behaviour related to gender, physical, verbal or non-verbal treatment or any other treatment giving rise to threatening, hostile or humiliation environment or working relations, or to offend dignity of employees by the employer, superiors or other employees. It is additionally set out that in case an employee indicated the facts assuming that employer had failed to comply with the above requirements, it is the employer who shall provide evidence. Protection of employee's personal data is regulated by a separate act; however, the employer is allowed to collect, process, use such data and forward it to third parties only if such actions are necessary with a purpose of exercising of the employee's rights and obligations related to employment. Such data has to be properly destroyed immediately after the need for it expires.

Protection of Specific Groups of Employees

Protection of women, children and parents: Pregnant women and breast-feeding mothers are not allowed to perform the works, which might threat their health or the child's health, including overtime and night work. In case that such work cannot be avoided, the employer is obliged to take relevant measures as to adjust the working conditions or working time, or if these are not feasible, to allocate such women to other jobs, or if this is not possible, to provide them with compensation as if they worked. Parents with young children, single parents with children up to 15 years of age, and pregnant women may reject allocation to work abroad.

Women are not allowed to work in mines, except in cases individually determined by the law. Work of women in night shifts in industry and construction is limited by the law stating specifically the cases excluded from this rule, and in individual cases night work has to be approved even by the line minister. Employees taking care of a baby and single parents with young or sick children may be allocated to night work or overtime work only upon their agreement in writing.

Employers are obliged to enable employees for using parent leave in full, or partially in the form of less then full working time. Parent leave is paid (by insurance).

Employers are obliged to provide their employees with a possibility for coordination their family and professional obligations.

According to the law, the employer must not terminate the employment contract with a pregnant women and breast-feeding mother or with parents using their parental leave in the form of full absence from work, or with single parents taking care of young or sick children.

Protection of young persons, first-job-tenants and probationers: Work of children up to 15 years of age is prohibited. The law specifically sets out the jobs allowed to be performed by children, exceptionally, up to certain years of age upon approval of the labour inspector and on condition that such children are provided with all rights arising from employment and protected against all risks for their life or health.

Employees under 18 years of age are not allowed to work at jobs specifically determined by the law or by implementing regulation issued by the line minister (for instance: underground or underwater work, work exposed to risky conditions or hazardous substances, risks for extreme weather or climate conditions,

etc.). Minor employees are not allowed to work overtime and in nightshifts and are eligible to supplement annual leave (up to seven days).

Young persons employed on probation, including first-job seekers employed at their first regular jobs, cannot be terminated their employment contract during the probation period, except in specific cases determined by the law. Salaries of probationers during their first job are set by the law (70% of regular salary for the job the person is on probation for, but not lower than minimum salary determined by the laws).

Treatment of persons with disabilities: Employers are obliged to provide persons with disabilities resulting from work with jobs adequate to their remaining working abilities, enable them to work for less than full time, provide them with professional rehabilitation and compensation of salary. All persons with disabilities have to be provided with training and retraining in accordance with the provisions set out by special regulations. Persons with disabilities and health problems are allowed to reject allocation to work abroad.

Employees working less than full time due to disabilities regulated by regulations on pension and disability insurance, healthcare and some others, are entitled to the rights as if they were employed at full-time basis. The employer must not terminate the employment contract due to established disability of II or III category or from business reasons. Exception from this rule relates to the cases where employer cannot allocate such employee to other adequate job or to enable them to work for shorter time. Termination of employment contract for an employee that is absent from job because of illness becomes effective only at the day when they regained capability for work (the time is limited to 6 months following expiry of the notice period). Persons with disabilities working less than full time must not be assigned to overtime work. Protection of older employees: Older employees (over 55 years of age) are eligible to special care and protection, for instance: they may be take employment for less than full working time provided that they have partially retired. Older employees must not be assigned to overtime work without their prior agreement in writing.

The law specifically prohibits termination of employment contract from business reasons with older employees without their express agreement, until they do not meet the conditions for retirement pension. In case of retirement, employees are eligible to severe payment at the minimum determined by the law.

Regulation of Employment, Employers' Obligations and Employees' Rights

Employment relations between employers and employees are based on employment contracts, regulating all issues related to entering into employment, including specific minimum employers' obligations and minimum rights to be exercised by employees. The legislation sets out minimal standards, which employers must comply with. However, as the law specifically sets out, employers are allowed to arrange employment in accordance with their internal documents, which may provide employees with treatment exceeding the minimum required by law.

Employment contract is subject to minimum standards concerning working conditions, working time, breaks, annual leave, salary, including payment of social contributions and taxes ensuring minimum standards in healthcare, invalidity, pensions, etc., and other conditions, and is considered void if it fails to comply with such standards.

The law enables entering into employment contract for a working time shorter from the full one. In such cases, the employee may enter into employment contract with several employers. An employee employed for a shorter working time is entitled to the same rights, too be exercised proportionally to the time spent at work with individual employer, with the exception of a (paid) break during work, which is provided in full amount.

The law sets out specific provisions concerning entering into employment contracts for determined period of time, which are considered too tight with respect of labour market flexibility. Among others, it is specifically determined, that the employer is not allowed to enter into employment contract for determined period of work with the same employee for the same job lasting over two years. Notwithstanding this provision, the number of employment contracts for determined period has been increasing.

Working time, breaks and leaves: Working time is set out by the law (40 hours weekly) and overtime work is allowed in cases determined by the law and limited to maximum of 8 hours per week, 20 hours per month and 120 hours per year. Overtime work exceeding these limits is prohibited. Employees working in night shifts are eligible to special benefits, such as a longer annual leave. Overtime work in night shift is limited.

In Slovenia, employees benefit from a 30-minute break during working time, which has to be paid.

Annual leave has to last at least 4 weeks and shall be paid. Older employees, employees with disabilities, employees taking care for disabled children, young employees and some other groups are eligible to additional annual leave.

Working place: Employers are obliged to provide for safety and healthy conditions for work, which are detailed by specific regulations and monitored by line ministerial bodies. This field is very comprehensive and is specifically regulated by special regulations on health and safety at work.

Labour costs, compensations and participations: The employer is obliged to comply with minimum salary set out by the law and collective agreements. The salary comprises of basic salary, supplements for working performance and other supplements (such as supplements for special work conditions, e.g., night work, overtime work, work on Sundays and public holidays, allowance for service period and other special conditions, which may be determined by collective agreement), and payment for achieved business results if so agreed by collective agreement or employment contract. Break during working time (30 min) shall be paid. In addition, employees are eligible to reimbursement of expenses for meals during work, travelling expenses from home to working place and back and to special allowance for annual leave. All these compensations are compulsory; their amounts are determined by regulations or collective agreements.

Salaries must be paid by 18th day in the month for the previous month, and must not be withheld or compensated by any debts of respective employees to their employers, except in cases expressly determined by the law.

Employees have to be compensated for annual leave, public holidays, the absence period related to sickness and education and for personal reasons (determined by the law). These compensations shall be paid by the employer, in case of sickness leave for the period of up to 30 days for each individual absence or up to maximum 120 days in the year. Longer sickness leave shall be paid by health insurance. Sick payment may amount from 80 to 90% of regular salary.

Employer and employee may agree on the employee's participation in the company's profits.

Qualification, abilities and health conditions at work: During the recruitment procedure, the employer is allowed to examine the candidate's qualification and skills for the job and to ascertain their working abilities for the job through preliminary physical examination at the employer's expense. Such examinations and tests must not include any circumstances not directly linked to the job subject to the employment contract.

Education and lifelong learning: As set out by the law, employees have *the right and obligation* to permanent education and training in accordance with the needs of the working process, with a purpose to preserve or improve their skills and competences for work at their jobs, and to keep their jobs. Employers are obliged to provide their employees with education and training required by the working process, specifically in cases where education and training may prevent termination of employment contracts from the reason of the employees' incapability or from business reasons. Employees involved in education and training, whether upon request of their employers or in their own interest, are eligible to paid leave, which is determined by the law and collective agreements.

Home-based employment: Employer and employee may agree on performance of work at the employee's home or any other premises outside the employer's premises. All rights, obligations and conditions related to home-based employment, including all salaries and other compensations, shall be agreed by the employment contract. However, in case of such employment, it is the employee who should take care for safe and healthy working environment. Jobs exempt from performance of home-based employment are regulated by specific regulations. However, the labour inspection may forbid organisation and performance of jobs under home-based employment arrangements if such work is or might become harmful for employees or their working and life environment.

Termination of employment contract: As a rule, termination of employment contract is subject to notice period (minimum duration if which is regulated by the law and collective agreements) and to substantive reason, which must be grounded. The law specifically sets out the cases where termination of employment contract is not allowed, for instance: during absence from work due to sickness or nursing of family members, or use of parental leave, during procedure related to employment contract/rights at court or arbitration, in case of membership in trade union and in other cases pursuant to respective regulations, and specifically, due to any discriminatory reasons, as follows: race, skin colour, gender, age, disability, marital status, family obligations, pregnancy, religious or political beliefs, national or social origin and others.

In case of regular termination due to the employee's inability or unlawfulness, the employer shall normally provide the employee with a possibility for defence. Upon request of the employee, the employer has to contact trade union for an opinion. Trade union may object to termination, in which case the employer

and employee may settle the affair before arbitration. In case of contract termination for business reasons, even in case of the employee's incapability, employees are eligible for severance pay determined by law. The same obligation is set out for the case of bankruptcy, composition or regular liquidation of the company.

In case of termination of several employment contracts from business reasons, employers are obliged to prepare special programme on redundancy solutions, which has to be submitted to trade union and national employment office for opinion and approval. It should be pointed out, however, that in cases of properly prepared and implemented programme on redundancy, both, employers and respective employees, are eligible to special support and schemes aiming at facilitation of employment with other employers (such as, promotion of self-employment, training and re-training for acquisition additional skills and competences, benefits for new employers, etc.).

Obligation of employees: However, there are obligations set also for employees. For instance, they are obliged to work well, utilising their best capabilities, and to respect regulations related to health and safety at work for themselves and in relation to other employees, and to apply protective measures and aids provided by the employer. The employee is obliged to restrain from any operations that might harm the employer's business interests, whether in material or moral way. The employee is also obliged to protect the employer's business secret. The employee has to comply with competition clause, but they have to be reimbursed for this obligation.

2.3 The Association Measures for Better Understanding of CSR Issues

Chamber of Commerce and Industry of Slovenia (CCIS) has joined the special Declaration on CSR, that EUROCHAMBRES members signed in Rome in 2003. Consequently, CCIS was obliged to respect and to spread ideas from this Declaration among its members and in broad business and social environment. Voluntariness was stressed as a basic principle and chambers in general felt it appropriate to warn against too general and bureaucratic laws that might be applied in order to promote CSR principles but without a complete knowledge of what would be realistic and positive and what would cause too many damage especially to small enterprises.

International Chamber of Commerce as well stressed the importance of voluntariness principle in adopting CSR and willing to help companies offered a manual of 9 nine steps in implementing of CSR principle into practice.

CCIS understood CSR as a part of total quality management that had already been promoted in Slovenia in order to reach long-term business development and balanced benefits for all stakeholders and, with respect to social and natural environment. Promotion of a good professional practice and business ethics have been also a concern of the CCIS special bodies - Court of Honour and The Permanent Court of Arbitration.

One of the CCIS primary tasks has always been to develop business environment, to support development of best practices and help to exchange them as well as to build activities for regular and sustainable raising awareness campaign, especially for SMEs. Thus, CSR issues became a permanent and regular task introduced in all yearly programmes of the CCIS.

CCIS has developed through the last decade various activities and tools in order to promote and to help implementing CSR issues in Slovenia.

Basically, a broad range of regular and other activities, raising SMEs' and general awareness of CSR have been happening. Only some of them will be exposed here.

Thus, CCIS initiated several projects and activities, i.e.:

- The foundation of the Slovenian Quality Association and has supported its activities in the field of TQM in Slovenia;
- The foundation and acted as a co-founder of the Institute "Learning organisation". The Institute's main task was to develop Centres of LO and, later on, Centres of Knowledge Management within Slovenian most advanced companies and spread awareness and exchange of best practices
- Preparation of codes of professional behaviour and ethics (one general professional code and many sector-related codes)
- The national project "Organisational climate in Slovenian companies" with regular yearly research that involves more and more companies every year.

The CCIS was the lead organisation in the project »Code to Smart Reality for SMEs«, which brought a good overview of the level of awareness on CSR issues in a small scale business sphere and developed a basic tool for SMEs hot to start the process.

The CCIS and /or its organisation parts developed several types of awards supporting best practices in one way or another (innovation; quality, best performance; e-business, web site).

CCIS also organises seminars and workshops on different general issues of CSR on national and/or regional level. Besides, sector-related associations take care for more specific and/or branch oriented events and organise seminars/workshops and roundtables as well.

CCIS monthly newspaper “Glas gospodarstva” regularly deals with one or more topics raising awareness and/or bringing example of good practice.

CCIS has also published publications, manuals, CDs helping SMEs to cope with many important issues in a more efficient way, such as labour legislation, employment and HRM issues, quality, food safety, innovation and many others)

CCIS is also - as a representative of employers - included in a social dialogue and agreements.

Besides, CCIS has also co-operated in government bodies and activities as well as with NGOs in supporting CSR in Slovenia.

2.4 SMEs’ Knowledge and Application of CSR Issues

2.4.1 SMEs in Slovenia

In Slovenia, small and medium-sized companies account for 99,7% of all companies, among them micro companies absolutely prevail (over 93%). SMEs employ about 56% of total workers. Respective shares for micro companies and small companies account for approximately 27% and 17%. Structure of employees by company size is quite similar to those in the EU. Unfortunately, there are large differences between European and Slovenian companies in terms of revenues: average Slovenian company's turnover (in 2003) achieved less than 40% of the turnover earned by an average European company, and in Slovenian micro companies (i.e., in over 93% of all companies), average revenues accounted for only 30% of revenues in comparable European companies. Compared to the EU, gross value added in Slovenian micro companies accounted for one-half of the European one, and large companies provided only one quarter of the European average GVA.

CSR is much more known and practised by large companies and best performed by medium companies. Generally, social responsibility is more often known and practiced by large companies. With some exceptions, this is apparently true also for Slovenia, although social responsible behaviour obviously is not regularly and/or properly communicated in public and, consequently, the volume of actions may be underestimated. However, recently it was accomplished the EU co-funded project »Code to Smart Reality for SMEs«, which was specifically designed to promote awareness and knowledge on CSR issues among SMEs in Slovenia, revealing some quite interesting facts about CSR in SME companies.

For many SMEs, “social responsibility” often means something costly, connected with environment matters and/or donations and sponsorships

First of all, many SMEs in one or another way²⁵ included in the above project were not aware of the term »social responsibility«, although they actually implemented elements of CRS in their everyday practice.

Second, in general, »social responsibility« was considered a concept convenient for large companies, seen as something too demanding, time consuming and costly for small enterprises.

Third, unfortunately, there were quite some companies identified (including SMEs) failing to comply even with the effective minimum standards required by the laws, and/or considering them too demanding / complicated / costly for SMEs.

Nevertheless, on the other hand the project collected numerous examples of good practice, most of them presented by SMEs. Examples of good practice are collected and published in CSR Manual, published in 2007²⁶. Some examples were selected for the sake of this report and interviews were executed within the three presented companies hereafter in the following chapter. It has been a very good sign to find out that

²⁵ There was an investigation carried out on awareness on the CSR issues among SMEs in Slovenia; SMEs were involved in awareness raising activities, they were asked to present their CSR activities as examples of good practice and they were involved in the project as a pilot group supported by consultants (trained during the project implementation) with the development of strategic documents on introduction/implementation of CSR activities.

²⁶ Available only in Slovenia language.

CSR principles and practice have not been only well prepared on paper but very much alive in all the 3 companies.

2.4.2 Best practices

1. MEBLO JOGI

Company	Meblo Jogi						
Business sector	31.030 - manufacturing relaxation and sleeping products mattresses and beds - supplementary programme consisting of protective cushions, pillows and wooden bed bases						
Address	Industrijska cesta 5, Kromberk , 5000 Nova Gorica, Slovenia						
Telephone	00 386 330 56 07						
Email address:	Ingrid Heuffel [Ingrid.Heuffel@meblo-jogi.si]						
Web site:							
Number of employees							
<i>Full time</i>		<i>Male</i>	<i>65</i>	<i>Female</i>	<i>76</i>	<i>Total</i>	<i>141</i>
<i>Part time</i>		<i>Male</i>	<i>-</i>	<i>Female</i>	<i>-</i>	<i>Total</i>	<i>-</i>

Company and CSR processes presentation

The company Meblo Jogi d.o.o. in Nova Gorica is a leading company in manufacturing relaxation and sleeping products in Slovenia: mattresses and beds, and the supplementary programme consisting of protective cushions, pillows and wooden bed bases.

In March 1962, the first Jogi mattress called 'šušta' was born on the production lines of the company. In October 2004, the company manufactured the jubilee 10 millionth Jogi mattresses, a big accomplishment for the company. The company has come a long way from only manufacturing one kind of mattress to the present-day manufacture of a wide range of mattresses for various users – from the simplest Jogi mattresses to the most technologically demanding and high-quality ones. The company also offers a variety of Jogi beds, which have become a synonym for double-spring.

The company's products are present on most markets in Europe and worldwide. Share of sales on foreign markets has been increasing and now represents over 75 % of the entire realization. In 1999 and in 2000, the company gained two important certificates. By being assigned the Quality System Certificate ISO 9001, the company proved to strive for sustainable quality operations in all areas. In 2000, the company was the first in Slovenia and the 32nd in the world to gain the SA 8000 certificate. As it is well known, the SA 8000 certificate is a standard for corporate social accountability. It treats employees and workers as an essential part of a successful operation and emphasises the employer's ethical relationship towards them.

The company has also been preparing to obtain the ISO 14001 certificate. All the company's development investments are in accordance with the development objectives in the area of quality assurance, modernisation of technical and technological equipment, market development and market expansion, staff training and development and, simultaneously, environmental damage reduction.

Certificate ISO 9001

The standard defines the responsibilities, systems and their command in operation and quality assurance in a company.



Mark of Conformity

Mark of conformity is assigned by the Biotechnical Faculty of Ljubljana, Department of Wood Science, based on product testing. The mark signifies that products were tested according to standard provisions and it exhibits the quality of the product.



Corporate Social Accountability SA 8000 Certificate



Meblo Jogi is the first Slovenian company receiving the Corporate Social Accountability Certificate in compliance with the requirements of the SA 8000 standard. As explained above, this standard is based upon principles concerning the protection and respect of human rights, considered at the level of international law.

The awareness on environmental issues and the concern for safe and quality working conditions are becoming a component part of companies' development policies all over the world. Humanization of work is advancing while, simultaneously, the role of human resources is coming to the fore.

Right from the start when introducing the Corporate Social Accountability system, the managers of Meblo Jogi were aware that improving the working conditions and ethical relationship towards all employees may contribute to increased productivity and ingenuity. Besides modernizing the technological process and equipment, foremost attention was dedicated to employees, i.e., the staff, which spends the predominant part of their time at work. Amongst others, at Meblo Jogi they decided for the Corporate Social Accountability system, since they manufacture products on which people spend or sleep a good third of their lives.

Every day, the company is facing a demanding task, and is continually challenged by requirements in different areas, including the field of human resources. Significant attention is paid to technological development, which leads to continued progress. Moreover, by changing the technology, higher quality in business operation is ensured, which in turn means that a quality approach towards and relationships with the workers is also needed. The certificate forces Meblo Jogi to develop organisation and relationships. The system itself leads to a new approach towards work and policies, i.e. that the worker is equal to, if not more important than, everything else. At the same time, it also requires a large amount of responsibility on the side of workers themselves and does not only grant them various rights.

Meblo Jogi was given a national Certificate for Family Friendly Enterprise in 2007.



What CSR represents for the company

CSR is a basic company philosophy and rule for all business operations and social behaviour within and out side the company.

Individual responsibility	Individual responsibility of each employee is perceived as a “conditio sine qua non”. It consists of responsibility for a good timely, quality individual work/business result, as well as of responsibility for the overall well being of the company.
Responsible management of the company	Management feels it his duty to overtake all its legal and common responsibilities for the welfare of the company, to take care for the business development, etc., appropriate working conditions, good organisation climate and, of course, also for control of processes and results. The two top managers are personally convinced that CSR is a real value that has to be developed and they to act as an example of an ideal “employee”. Managers are responsible for cooperation with the local environment by all means.

How the company implements CSR

The company is characterised by awareness for a kind obligation towards its employees. Every employee needs to feel important; moreover, through their work and their colleagues’ work of fulfilling common goals, they must also see their own professional development as well as social security. In the company, we are aware that gender is far from important regarding success, but it is the vision, work practices and creative collaboration that count.

“In the company Meblo Jogi, we adhere to all requirements of international and national legislation, internal acts, decisions of the company’s General Meeting and director as well as operate in compliance with the SA 8000 standard. Furthermore, we do not employ children and do not perform, support or participate in the use of forced labour, in any form. Regarding employment, promotion, remuneration, education and training, dismissal and retirement of employees, we do not discriminate based on national origin, religion, gender, disability, sexual orientation, political affiliation, union membership or age. We do not support or take part in exercising corporal punishment, mental or physical coercion and verbal abuse. Furthermore, at Meblo Jogi, we respect the valid legislation and industrial standards regarding working hours. We adjust the working hours to the economic market conditions.

The SA 8000 standard precisely sets forth the definition of compensation. Wages and salaries must provide sufficient income to survive as well as offer minimum opportunity for saving. In our company, labour resources have its price, which reflects the quality of work. Regarding the results we achieve and our attitude towards work, our salaries are somewhat higher as compared to others in the branch.

We provide all our employees with a healthy and safe working environment, provide for protection against accidents and injuries in the workplace as well as decrease and eliminate any causes of risks present in the environment. As regards the area of health and safety at work, we have taken a step forward. We have prepared an assessment of the risk of each workstation, which all employees are familiar with. In cooperation with the fire department, we inspect how protective clothing is worn, general protection and fire protection, and whether all extinguishers and hydrants are functional.

In order to ensure larger fire protection, in October we carried out an unannounced evacuation exercise at the premises in Nova Gorica in cooperation with the firemen of the Nova Gorica professional fire brigade. This year, the exercise coincided with the month of fire protection. After the evaluation, the fire unit concluded that our employees left the premises in an organised manner without any faults.

Moreover, in the company we attach great importance to a well-kept and pleasant working environment, as well as healthy working conditions, which means continuous education and training as well as supporting a balanced life for each individual employee in our company. Furthermore, we provide for a sense of well-being in the workplace. Twice a day, we have an organised 10-minute active break for all employees.

Our employees have a workers’ representative whom they can turn to regarding comments, problems, questions, suggestions, etc.

Education and training of each employee is of great importance since we are confronted with new developmental challenges on a daily basis and we search for ways to produce new ideas in our employees as well as to support their enthusiasm. Since it is the human being we count on, we wish to facilitate the best possible conditions for work. At the same time, we encourage creativity through adequate rewards

and strongly emphasize training to obtain knowledge, which our employees need at their workplace as well as the development of individual career goals. We are aware that a quality attitude towards the workers and of the workers towards their work will ensure higher quality business operations and hence success at all levels.

In our company, the Corporate Social Accountability system contributed to an increase in new ideas and also encouraged our employees in other ways. In practice, this is also shown by an improvement of the working conditions (protection of machines, air-conditioning of premises ...).

A satisfied employee is involved in creating a quality product and is appropriately paid for their quality work.

The company Meblo Jogi communicates with the public and is available for interested customers (i.e. for all, who deal with employment, working relationships, working conditions and safety at work ...). They may verify the company’s execution of the implemented system as well as request specific explanations. They have the possibility to file complaints if there is objective evidence that requirements of the Corporate Social Accountability standard are violated to a larger extent. “

INTERVENTION AREAS	ACTIVITIES	ACTIONS
HUMAN RESOURCES	Healthy and safe working environment	Investments in improving working place conditions (air-condition; logistic improvement etc.) Employees are provided with a healthy and safe working environment and protection against accidents and injuries in the workplace. Activities for decreasing and eliminating any causes of risks are present in the environment. An assessment of the risk of each workstation which all employees are familiar with. In cooperation with the fire department, it is inspected how protective clothing is worn, general protection and fire protection, and whether all extinguishers and hydrants are functional.
	Physical condition of workers	10 minutes exercises with a physiotherapist are going on twice per day within the working time.
	Salaries, remunerations	A new, more transparent system was introduced. Salary is composed of a fixed amount and additional variable amount
	Training, education	The company supports employees in obtaining higher education level and covers all costs. Many training activities were introduced within the company esp. those concerning good health care, nutrition, sport activities etc.; safety at the workplace
	Other cares for employees	Certificate for Family Friendly Enterprise in 2007.

	Internal communication	<p>Employees are daily informed. Direct contact with top managers is usual on the assembly meeting and not individual basis. Employees are invited to present proposals for improvement and changes. Employees have a workers' representative whom they can turn to regarding comments, problems, questions, suggestions, etc.</p> <p>Social meeting, excursions happen regularly every year.</p> <p>Internal communication tool: Jogi-net.</p> <p>Organisation climate: enquiry is made regularly on 12-16 month period.</p>
PARTNERS	Respect of partners' interest and rights	New forms of communication, exchange of information. More flexible approach in communication
CUSTOMERS	Customers satisfaction CRM.	<p>Meeting with main customers (at least once per year); fair trade meetings;</p> <p>Full compliance with customers' standards (IKEA)</p> <p>Collecting customer's evaluations and ideas.</p> <p>Planning of new programs together with main customers.</p>
SUPPLIERS	According to CSR principles.	The company executes internal evaluations by suppliers (compliance with standards, esp. CSR)
FINANCIAL PARTNER	According to CSR principles	The company sends CSR Questionnaires to its financial partners
GOVERNMENT, LOCAL ENTITIES, PUBLIC ADMINISTRATION	Relations and co-operation according to CSR principles	The company has active response, critical and constructive. It is trying to support measures and activities in accordance with CSR principles and criticize those that are not in favour of such development. Active in a local community.
CIVIL SOCIETY	Sponsorship Donation, Charity	<p>The company acts as a financial contributor to sport team/s, culture events.</p> <p>The company is often included in humanitarian activities,</p>
	Readiness to share knowledge and experience in CSR with all others	
	Media	Regular contacts
ENVIRONMENT	Waste Sustainable development	<p>Industry process is clean. There is no dangerous waste or similar products. Noise is under control and measured. Emissions also are measured. Control is presented also by IKEA according to its internal standard.</p> <p>Eco-friendly approach.</p> <p>The company environment is kept clean and green.</p>
GOOD MANAGEMENT	Mid- term strategic plan; long term orientation	Suppliers and clients

	Investment in development	Co-operation with academic sphere.
	Planning and Control	Planning process as a whole and in organisational units is supported by the IT system Navision that enables immediate corrections, changes etc. when necessary Self-control is performed by all employees and is a part of the process. Supervisors control individual processes

Annex I

2. MIKRO+POLO COMPANY

Company	MIKRO+POLO						
Business sector	Production and sales of laboratory and process equipment, accessories and chemicals for research and diagnostic laboratories, design and construction of laboratories						
Address	Zagrebška c. 22, 2000 Maribor, Slovenia						
Telephone	+386 2 614 33 00						
Email address:	marko.podgornik@mikro-polo.si						
Web site:	www.mikro-polo.si						
Number of employees:							
<i>Full time</i>		<i>Male</i>		<i>Female</i>		<i>Total</i>	80
<i>Part time</i>		<i>Male</i>		<i>Female</i>		<i>Total</i>	

Company and CSR processes presentation

The company Mikro+Polo was established in 1990 by the entrepreneur Mr. Vojko Podgornik linking up two former small enterprises, namely Mikro – manufacturing of process equipment and pool technique, and Polo – manufacturing of laboratory equipment. The company continued its operations with manufacturing of laboratory equipment being then successfully sold in former Yugoslav markets and expanding its sales range by import of laboratory accessories and apparatus. In 1991, the company started the sales of laboratory chemicals and a year later, diagnostic preparations for microbiologic and biochemical laboratories in the health sector. During the recent years, the company developed its own programme of laboratory and process equipment and chemicals for development, research and diagnostic laboratories, production of apparatus, designing and construction of laboratories, production of laboratory furniture, complete servicing and evaluation of apparatus and equipment sold.

Since 1996, the company has implemented its own catalogue of laboratory accessories, equipment and chemicals. In 2006, the company acquired approval for distribution and sales of medicines, and in 2008, the same deed was acquired for import and trade in food supplements and sales of cosmetics.

As shown in Figures below, the company's employment and revenues have grown steadily over the period of past ten years. Today, the company employs 80 full-time employees, generating the revenues of about 10 Million Eur.

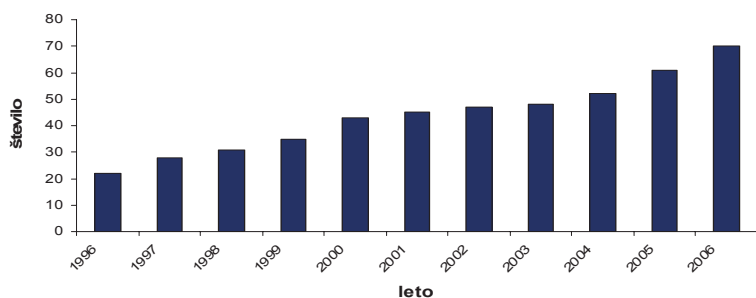


Figure: Employment 1996 – 2006

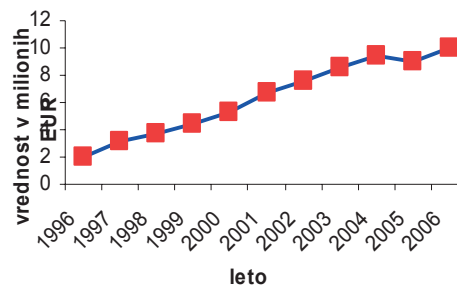


Figure: Revenues 1996 - 2006

Mikro+Polo present itself as the company providing everything for laboratories that, more specifically, includes:

- Sales in the field of *laboratory and process equipment, accessories and chemicals for research and diagnostic laboratories and biologic waste water treatment plants,*
- Designing and construction of laboratories,
- Production of laboratory furniture,
- Full servicing and validation of sales apparatus and equipment – the company is certified.
- Clean rooms
- Medicals.

The company sells its products and services in the health, pharmaceutical, industrial and educational sectors.

Devoted to quality

The company Mikro+Polo understands the quality as an array of activities, which are integrated into a whole and ensure – through their synergy functioning - a high quality level in products and operations, satisfaction of employees and particularly customers. The quality means quality in classical meaning, protection of the environment and health at work.

Acquired certificates witness of their quality:



In 2001, the company acquired the ISO 9001:2001 certificate

In 2006, Mikro+Polo acquired the Accreditation Document



As one of 32 companies passing the first audit for the certificate »Family Friendly Enterprise«, Mikro+Polo is under the procedure of acquiring the final Certificate.

What CSR represents for the company

In the company Mikro+Polo, social responsibility is the way of life. It is included in all their operations, wherever appropriate, and understood and shared by all its employees.

Individual responsibility	Individual responsibility for employees is defined according standards and internal rules
Responsible management of the company	The management is responsible for all strategic functions as well as for the overall business results. The management feels its duty to manage and develop relations with employees in a high level. It becomes aware of a need to be more oriented also towards outside stakeholders and begins

How the company implements CSR

INTERVENTION AREAS	ACTIVITIES	ACTIONS
HUMAN RESOURCES	General care for employees	<ul style="list-style-type: none"> - In the mornings, the company welcomes its employees by breakfast for a good start - The break, which according to the law should last 30 minutes, is in Mikro+Polo extended to 50 minutes allowing their employees to have a proper meal and some time for their private life - Several times a year, the company invites its employees and their families for a tour, providing them with an opportunity to build friendship.
	Education & training	<ul style="list-style-type: none"> - All employees are involved with various sorts of education and training in the company or otherwise, with a purpose of upgrading their competences - New employees and probationers are carefully selected and systematically introduced to work under mentorship of their senior colleagues.
	Motivation	<p>Mikro+Polo is aware that proper motivation helps their staff to act excellently:</p> <ul style="list-style-type: none"> - Their salary exceeds the sector's average - The company introduced selection of the best worker and the selection procedure is carried out by employees.
	Family friendly company:	<p>The company is striving to help its employees to be good parents:</p> <ul style="list-style-type: none"> - The company has adjusted its working time, fixing the central working hours and leaving to employees to decide on their individual arrivals to and departures from work - Employees with families are allowed to work in less than full working time because of family obligations - Children time-bonus: employees are allowed to take a day off at special occasions, when they need to be with their children, e.g., for first day in school - The company has introduced special measures for re-integration of mothers into working environment after their maternity leave - The company supports active father-ship - There is special offer provided for leisure time - Children are invited to spend some time in the company to see how their parents work, there is kindergarten planned.

PARTNERS	Partners & stakeholders	The company co-funds professional excursions and professional training for people working in different institutions, hospitals and other similar organisations.
CUSTOMERS	Different clients segments Market observation and market development	Satisfied customers orientation; individual commands require special treatment Development of new products and services, sales promotion, market opportunity search, All quality standards respected Developing new forms of networks
SUPPLIERS	Supplier selection based on cooperation ability, price, adaptability, environment protection awareness	Demands towards suppliers are high (in all terms) Marketing mix (product, price, place, promotion) activities
FINANCIAL PARTNER	Correct business relations with financial partners	Consideration of good business customs, correct attitude, compromise possibility
GOVERNMENT, LOCAL ENTITIES, PUBLIC ADMINISTRATIO N	Relations with local entities and public institutions within CSR framework	Correct attitude Regular fulfilment of all duties Mutual exchange of information
CIVIL SOCIETY - COMMUNITY	Actions for community, sponsorships of research & development & social actions	The company pays special attention to the community, supporting it by sponsorship and donations, directing its funds primarily into the health sector and humanitarian area. The company Mikro+Polo: <ul style="list-style-type: none"> - Sponsors different organisations linking professionals, research fellows and consultants - Donates funds to associations, NGOs and non-profit organisations for their equipment and activities - Assists with funds in purchasing of emergency cars - Assists pupils and students involved with international projects by materials and cash.
ENVIRONMENT	Production process and waste is under control	Environment protection is a part of the process. As they produce laboratory equipment, furniture, waste water treatment plants etc. they have to act as a good model to clients
GOOD MANAGEMENT	Efficiency strategy, research and planning	Cost reduction, research, careful planning, monitoring of competition and business results
	Social capital	Competent, satisfied and loyal employees
	Certificates	Acquisition of quality certificates ISO 9001 in ISO 14001.

Annex II

3. SAUBERMACHER SLOVENIA

Company	Saubermacher Slovenija d.o.o.						
Business sector	Environment protection services						
Address	Ulica Matije Gubca 2, 9000 Murska Sobota						
Telephone	(02) 620 23 51						
Email address:	info@saubermacher.si						
Web site:	www.saubermacher.si						
Number of employees							
<i>Full time</i>		<i>Male</i>	100	<i>Female</i>	21	<i>Total</i>	121
<i>Part time</i>		<i>Male</i>	2	<i>Female</i>	0	<i>Total</i>	2

Company and CSR processes presentation

Saubermacher Slovenija is focused on loyalty towards a worthwhile environment, partner-like cooperation with maximum customer orientation and at the same time employee orientation. Saubermacher Slovenija is a competent partner for all questions concerning the environment.

The basic firm was founded in 1979, by Hans and Margret Roth as the Roth-Environmental Protection plc. in Austria. Later on, in 1990 a daughter firm, the Saubermacher Süd in Lenart was formed. After 13 years, in 2003, the Saubermacher Süd was renamed into the Saubermacher Slovenija. Finally, in 2007, the Saubermacher Slovenija incorporates the firms Eko-les and Letnik-Saubermacher into a joint company named Saubermacher Slovenija.

In the field of waste disposal and recycling, the Saubermacher Slovenija is responsible for municipalities and customers from trade and industry.

Saubermacher Slovenija is a competent and reliable provider of services regarding waste disposal. It is well known for its modern image and its ecological awareness. Our philosophy is structured around three main areas:

Customer & Market Orientation

Through continuous dialogue with our clients, the firm is able to recognise their requirements and be certain that our services meet the expectations of the customers. The centre of attention is the individual person with his or her wishes and needs. High quality in all areas of our operations always takes priority and the aim is to satisfy customers and partners completely.

Quality Orientation

High quality in all the services we offer is always our top priority. The safeguarding and further development of Saubermacher quality is the constant duty of each individual of our employees. Saubermacher was the first Austrian waste disposal firm to be awarded the ISO 9002 certificate. With this internationally recognised certificate, customers can trust in reliability and transparency of all our operations.

Employee Orientation

The variety of services requires a team-oriented approach. That is the reason why satisfied and motivated employees are necessary condition for the firm's success.

What CSR represents for the company

“It is our commitment to be a deeply responsible company, contributing positively to our communities and environment. On a daily basis, we work together with employees, customers, suppliers and citizens, aiming at creating friendlier environment, to be responsive to our customers' health and needs. Usage of our skills in waste disposal, waste processing, recycling and transportation, helps us in building of stronger local communities and minimize our environmental footprint.”

Individual responsibility	Responsibility is somewhat individual. Each person is responsible for those consequences, which are found within his personal awareness sphere. The more responsibility we take, the higher are opportunities for our development. All our workers, managers and stakeholders need to examine their own actions and behaviours, both, individually and collectively, and when they see that they fail to comply with the standards, they must change what they do to become more effective. Individual responsibility at the Saubermacher Slovenija towards citizens, the nature and the company is guided by efforts of individuals to make environment worth living in.
Responsible management of the company	The concept of a responsible management is relatively new and because the company is disaggregated into many small businesses, identifying responsible management requires a large amount of hearsay. What is meant by responsible management differs, depending on the user's interpretation. At Saubermacher Slovenija, a successful RM has technical, managerial, financial and people oriented capacity needed to ensure the firms long-term survival.

How the company implements CSR

“Saubermacher Slovenija is a good example of how business built on socially responsible principles pays off. As a result, we noticed increased profit, happier employees and improved corporate image. In order to understand CSR better, it is important to take a closer look at different groups as follows:

- organizational (employees, managers, stockholders)
- economic (customers, creditors)
- social (communities, government and regulators, environment)

CSR should be taken less as a burden and more as an opportunity. The opportunity means creating new markets, solving business problems, improving public perception, strengthening environment protection awareness and introducing the best ideas for governments and non-profit institutions for doing well while doing good. CSR is a term used to define the positive impacts that a company has on its surrounding society (including clients, stakeholders, employees, suppliers, etc.) Saubermacher Slovenija takes considerable pride in serving local communities and wishes to contribute further to:

- clients and the market place
- staff
- local community
- environmental impact.”

INTERVENTION AREAS	ACTIVITIES	ACTIONS
HUMAN RESOURCES	Internal communication	In order to keep the staff motivated, one of the key areas is to communicate with the staff. It is necessary for staff to feel empowered and content at the workplace in order to help provide the level of services sought by clients.
	Education and training	Taking part in seminars, courses, training for safety at workplace.
	Employment of handicapped	Saubermacher Slovenija employs two handicapped people.
PARTNERS	Correct business relationship, protection of business information	Meetings, work expansion, financial support, assistance, bringing new ideas to life.
CUSTOMERS	Market observation and market development	Development of new products and services, sales promotion, market opportunity search, satisfaction of customers need.

SUPPLIERS	Supplier selection based on their willingness for cooperation, price, adaptability, environment protection awareness	Marketing mix (product, price, place, promotion) activities.
FINANCIAL PARTNER	Maintenance of correct business relations with banks and insurance companies	Consideration of good business customs, correct attitude, compromise possibility.
GOVERNMENT, LOCAL ENTITIES, PUBLIC ADMINISTRATION	Relations with public institutions within CSR framework	Mutual exchange of information, punctual payments.
CIVIL SOCIETY	Charity, sponsorship, donations, education, informing	Sponsorship of public events, sporting and culture events. Old paper collection at schools, co-finance of cleaning actions, sponsorship of maternity hospital and kindergarten equipment, and sponsorship of riding tournament.
	Communication with media, public relations, fair participation	Press conferences, data intervention, organisation of public events, article publication in local and central media, TV presentations, and fair presentations.
	Internet	Company and company's activity presentation on internet, internet customer communication, ordering of services through internet, answering of questions.
ENVIRONMENT	Waste management	Consideration of EU standards, search for environment friendly solutions.
GOOD MANAGEMENT	Efficiency strategy, research and planning	Cost reduction, research and introduction of alternative energy sources, careful planning, monitoring of competition and of business results.
	Projects	Entries to state and EU projects.
	Certificates	Acquisition of quality certificates ISO 9001 in ISO 14001.

Annex I

“The company is characterised by awareness for and a kind obligation towards its employees. Every employee needs to feel important; moreover, through their work and their colleagues’ work of fulfilling common goals, they must also see their own professional development as well as social security. In the company, we are aware that gender is far from important regarding success, but it is the vision, work practices and creative collaboration that count.

In the company Meblo Jogi, we adhere to all requirements of international and national legislation, internal acts, decisions of the company’s General Meeting and director as well as operate in compliance with the SA 8000 standard. Furthermore, we do not employ children and do not perform, support or participate in the use of forced labour, in any form. Regarding employment, promotion, remuneration, education and training, dismissal and retirement of employees, we do not discriminate based on national origin, religion, gender, disability, sexual orientation, political affiliation, union membership or age. We do not support or take part in exercising corporal punishment, mental or physical coercion and verbal abuse. Furthermore, at Meblo Jogi, we respect the valid legislation and industrial standards regarding working hours. We adjust the working hours to the economic market conditions.

The SA 8000 standard precisely sets forth the definition of compensation. Wages and salaries must provide sufficient income to survive as well as offer minimum opportunity for saving. In our company, labour resources have its price, which reflects the quality of work. Regarding the results we achieve and our attitude towards work, our salaries are somewhat higher as compared to others in the branch.

In order to ensure larger fire protection, in October we carried out an unannounced evacuation exercise at the premises in Nova Gorica in cooperation with the firemen of the Nova Gorica professional fire brigade. This year, the exercise coincided with the month of fire protection. After the evaluation, the fire unit concluded that our employees left the premises in an organised manner without any faults.

Moreover, in the company we attach great importance to a well-kept and pleasant working environment, as well as healthy working conditions, which means continuous education and training as well as supporting a balanced life for each individual employee in our company. Furthermore, we provide for a sense of well-being in the workplace. Twice a day, we have an organised 10-minute active break for all employees.

Education and training of each employee is of great importance since we are confronted with new developmental challenges on a daily basis and we search for ways to produce new ideas in our employees as well as to support their enthusiasm. Since it is the human being we count on, we wish to facilitate the best possible conditions for work. At the same time, we encourage creativity through adequate rewards and strongly emphasize training to obtain knowledge, which our employees need at their workplace as well as the development of individual career goals. We are aware that a quality attitude towards the workers and of the workers towards their work will ensure higher quality business operations and hence success at all levels.

In our company, the Corporate Social Accountability system contributed to an increase in new ideas and also encouraged our employees in other ways. In practice, this is also shown by an improvement of the working conditions (protection of machines, air-conditioning of premises ...).

A satisfied employee is involved in creating a quality product and is appropriately paid for their quality work.

The company Meblo Jogi communicates with the public and is available for interested customers (i.e. for all, who deal with employment, working relationships, working conditions and safety at work ...). They may verify the company’s execution of the implemented system as well as request specific explanations. They have the possibility to file complaints if there is objective evidence that requirements of the Corporate Social Accountability standard are violated to a larger extent.

We are aware that the Corporate Social Accountability SA 8000 Certificate is earned and is not permanent. It needs to be continuously improved and permanently controlled in the company itself as well as by an external institution. Thus, every year we set quantified goals or indicators for measuring success and efficiency on whose basis we establish on-going improvement. These indicators are monitored and discussed quarterly at management reviews. On the basis of the main indicators, e.g. the rate of occupational accidents, rate of sick leave, use of protective means, hours for further qualification, progress and monthly assessment, we establish whether our social accountability system is efficient, partly efficient or inefficient.

MANAGEMENT REVIEW

This year in October we carried out a management review. The following reports were dealt with in the framework of the management review:

- report on child labour
- report on employment discrimination
- report on health and safety
- report on freedom of association
- report on discrimination regarding salaries, training, dismissal, promotion, and retirement
- report on forced labour
- report on disciplinary measures
- report on working hours
- report on salaries
- report on contractors/suppliers
- report on corrective and preventive measures

Pursuant to the reports given by the responsible persons, we set up corrective measures with the respective persons responsible for the realization of such measures as well as the dates for their settlement.

Furthermore, we set up indicators to monitor the efficiency and continuous improvement of the system.

The indicators are as follows:

- number of promotions
- number of monthly assessments
- number of violations due to not using protective means
- rate of occupational accidents
- rate of sick leave
- number of hours used for education and training

Furthermore, at the beginning of the year 2007 we set our goals regarding the Corporate Social Accountability System and we measure their achievement.

Overview of goals and their achievement:

Indicators	Achieved (A) Failed (F)
Number of promotions	F
Number of monthly assessments	A
Number of violations due to not using protective means	A
Rate of occupational accidents (%)	A
Rate of sick leave (%)	F
Number of hours for training (%)	A

Annex II

Mikro+Polo created a new direction in the field of connections by successfully connecting 4000 customers and 300 suppliers. The company is an internationally recognized supplier and seller of products and services intended for laboratories (as mentioned above). In addition to its primary field of activity - all for laboratories – the company successfully involves other fields, such as engineering, medicine and calibration laboratory.

The company is a fast-growing multinational corporation. Its success is directly based on reliability and trust the company enjoys with its customers and suppliers, on sustainable growth of the company's operations and its well qualified, professional and competent employees.

COMPANY'S VISION: To remain the best specialised supplier of laboratory equipment, accessories and chemicals in Slovenia.

MISSION: To provide customers by solution for each programme in their laboratory.

COMPANY CULTURE

- To continue the way as a successful company in the field of consulting with and selling of laboratory, medical and process equipment, accessories and chemicals,
- To keep and optimise business values and good relations at work, to preserve business ethics
- To enable team work enhancing loyalty and motivation in employees
- To develop potentials and competences with employees with an emphasis to education and training aiming at keeping and strengthening of expertise, efficiency, initiative and creativity
- To keep acceptable quality in all fields
- To dominate the market through permanent improvements, and
- To be tolerant with "fair" mistakes.

COMPANY STRATEGIC ORIENTATIONS

A Company Basic Strategy is ability of solving customer's problems in laboratory.

Basic Strategic Goals:

Market Position:

- To organise the work with an aim to fulfil expectations of customers
- To improve supply conditions with present suppliers
- To enter into contract relations with the group of core suppliers
- To take care of the corporate image and adequate company's recognition through active promotion
- To strengthen servicing activity and activities of engineering, medicals and calibration laboratory.

New business opportunities:

Seeking new possible forms of strategic alliances at home and abroad. Sales of medicals.

Organisation and Quality:

- To optimise business processes and to successfully conclude introduction of SAP information system
- To adjust Quality Rules to new operation methods resulting from new information system

Promote inventions and innovations

GERMANY

2.1 National overview on CSR issues

2.1.1 Framework

The engagement of Germany on CSR is perceived as “freedom to create, to adapt and to implement CSR projects”

In Germany, CSR is based on voluntary decisions. Companies are scarcely obliged to carry out social activities. In fact, legal provisions exist merely in the field of protection of labour and consumers.

This voluntary approach enables companies to respond more precisely to the social requirements of their workforce, clients and the specific situation. The various factors in each company need an adapted realisation of a CSR policy. An effective and successful implementation can only be reached if corporate policy focuses on the particular circumstances and does not come up with restricting legal obligations.

As a consequence of this approach, German companies have entered into voluntary agreements and participate in International Framework Agreements (IFA). Another measure, often used to realise corporate social responsibility, is the implementation of management systems, especially in the field of environmental protection and labour security.

The development of frameworks and implementation guidelines is not contradictory to the accentuation of voluntariness. In fact, these measures foster a higher consciousness on CSR and support the realisation of a socially responsible policy. Such contribution is made by econsense, a digital forum for the sustainable development of Germany economy (see www.econsense.de).

In Germany exists a high awareness about CSR, even in small and medium companies. The realisation of a socially responsible policy happens mainly by the implementation of single measures. They are based on voluntary agreements, International Framework Agreements or management systems. With these particular measures, the interested company responds to its specific requirements and realises CSR in certain - a social policy demanding - sectors, completely voluntary without any legal obligation or at least without an obligation to realise these measures in a predetermined way.

2.1.2 CSR at an Institutional Level

Voluntary Agreements

Voluntary Agreements merely oblige to carry out a certain objective, but allow every single participant to realise the aim within a certain timeframe in his own way. This enables companies to consider their individual requirements and therefore results in an effective and partly faster realisation of the intended aim. Such flexibility is decisive for the widespread acceptance and participation in Germany.

Voluntary Agreements exist particularly in the field of environmental protection both on a horizontal and sectoral level. The BDI (Union of German Industry) prepares every year a catalogue of the existing voluntary agreements covering the area of environmental protection. Such agreements are also focused on consumer and health protection.

Participation of German companies in „International Framework Agreements“ (IFA)

„International Framework Agreements“ are concluded between a multinational enterprise and an international branch labour-union, such as ICEM (International Federation of Chemical, Energy, Mine and General Workers' Union), IFBWW (International Federation of Building and Wood Workers), IMF (International Metal Workers Union), IUF (Public Services International) or UNI (Union Network International). The purpose of an IFA is to create a formal relationship between both partners to face the challenges that appear in conjunction with globalisation through cooperation.

In general, IFAs are based on main standards of the ILO (International Labour Organisation). They deal with humane conditions of employment, payment of appropriate salaries, employment protection and health protection at work centre. The agreements mainly apply within enterprises, in single cases they extend to subcontracting firms.

Thereby the labour-unions obtain the appreciation of their organisation and the employment rights in a global perspective, especially in countries with absence of labour legislation or its enforcement. Furthermore they gain the possibility of exerting an influence in the operational level.

From the corporate point of view, the advantage manifests itself in an improved dialogue with the labour-unions, especially in countries where a local contact person does not exist.

The first IFA was contracted in 1989. Since then 32 IFAs have been agreed, 9 of them see German corporations, including Bosch GmbH, Rheinmetall AG and Volkswagen AG, as contractual partners.

Examples for Institutional CSR - Projects

As it is simply impossible to give a complete overview about CSR – Projects on an institutional level, in the following, two examples of best practice may highlight the importance given to this subject by German Associations representing employers and employees as well as representatives of regional and national governments as well as the administration.

- “Econsense”

“Econsense” is an association of 25 leading and globally operating German companies and organisations which develops frameworks on CSR issues and deals with sustainability.

Established in 2000 at the initiative of the BDI, it is described as a think tank and a dialogue board. Objectives of the association are to concentrate corporate activities of future relevance, to actively participate in the political and corporate decision process, to develop common standpoints, to present possibilities and limits of corporate responsibility, to campaign for CSR and the sustainability concept in the German economy and to sensitize policy for general conditions, that forward innovation and competitive capability.

Econsense argues against strict general regulations in range of CSR. The association emphasizes the voluntariness of CSR which shall precisely enable and foster creativity and innovation in its realisation.

Together with its members, the association develops statements on main fields of action. Furthermore, it documents examples of good practice among their members online as well as on CD-Rom. Besides this, the association reports on its own activities and those of its members in the range of CSR in its newsletter. In 2004 econsense has created a journalist award. Thereby, econsense honours journalists helping - as a result of their commitment - to anchor the idea of sustainability in societal consciousness.

The association is linked with CSR-Europe and personates as their national partner organisation on European scale. In 2004, econsense has set up a partnership with the World Business Council for Sustainable Development (WBCSD). The WBCSD is an international leadership forum consisting of 180 companies with the objective of sustainable development.

An exchange of experiences with SME occurs via the partner organisation „company: partner of youth“.

- “PROAge – to cope with the demographic challenge”

The project “PROAge – to cope with the demographic challenge” deals with the increased participation of older workers within the employment structure. Initiated by BDA (Union of German Entrepreneurs), other European organisations of entrepreneurs and the Bertelsmann Foundation, common strategies to handle the forthcoming demographic-caused employment gap were generated by exchanging experiences and methods about improving employment of older workers. Thereby, the need to deal with all aspects of seniority was alerted to the public.

As a result of this project, country-specific recommendations to improve regulatory and pay scale frameworks regarding the employment of older workers were presented. On the other hand, a corporate compendium was developed providing practical advice for a provident, generation overlapping personnel policy. Therein, two fields of dealing with the ageing personnel structure are described, namely reduction and prevention.

The reduction-approach concentrates on adapting job requirements to the capability of older workers. This does not necessarily mean a loss of efficiency. Certainly there are particular fields of work that are not appropriate for older workers. These so-called “age critical job requirements” can be handled by simple measures. Technical facilities and the increased consideration of ergonomic facilities allow exonerating from physical exposure. Impositions of work environment like heat, noisiness and bad illumination that are reducible by a good design of the workplace and performances are at least partially adaptable to physical conditions of older workers. In addition, reduction implies the assignment of such type of work that allows an optimal utilisation of the abilities of older workers with regard to their physical and mental abilities. Older workers show a higher experience that helps to retain control particularly under labour-intensive or unexpected situations. These abilities qualify them particularly for functions in controlling, planning, consulting, instructing, educating and teaching.

The other approach deals with prevention and tends to conserve and to further health, qualification and motivation during the phase of employment. Insofar, the compendium proposes in the first place an individual dialogue with the employee to figure out his qualifications as well as individual ideas concerning his career. As a result, a personal development plan is presented that showing the individual development potential.

Another important focus of prevention is the proposal for further education and qualification. The access to vocational training programmes helps older workers to adapt to changing demands and opportunities as well as to avoid unemployment or early retirement. Nowadays, the demand for new skills and complex knowledge results in a disadvantage for older workers, as their apprenticeship is most likely to become obsolete. The inclusion of older workers relies on equipping them with the skills needed and knowledge on how to renew and adapt them.

Also a flexible management system of working time helps to cope with the circumstances of seniority. Among several models of working time models, a new approach is the differentiation of working time volume. A bigger part of older workers prefers a shorter working time involving lower payment that manifests itself in positive experiences with partial retirement.

Mixed-aged work groups make it possible to use the respective potentials to the advantage of companies by balancing the age specific deficits. However the idea of collaboration between generations is only reachable if the capacity of teamwork is promoted at the same time to relieve prejudices and tensions between the generations. This is a challenge for personnel policy.

Furthermore the project group has generated a good practice compendium, entitled “successful with older workers – strategies and examples for operational practice”. Therein, case studies are shown demonstrating age-adequate labour organisation models and employee programs about preservation of employability, including corresponding policy recommendations.

- Consortium Development Cooperation of German Economy

Since 1963, the Consortium Development Policy of German Industry (AGE) coordinates the interests of German Companies in the range of development aid and cooperation. The forum of 8 umbrella organisations, inter alia BDI, BdB (Union of German Banks) and ZDH (Central Confederation of German Traded Crafts), advocates for the expansion of the business community and supports corporate engagement of German Industry in developing countries. The consortium raises the awareness of developmental questions and correlations and elucidates the chances of corporate engagement in developing countries. In public, it campaigns for the confession that private industry is able to contribute decisively in fighting poverty.

2.1.3 CSR at a Private Level

Main CSR issues that have been tackled in Germany so far, have been mainly in the following fields:

- Health, especially Health and Safety Management
- Employees in special situations, especially Older and Challenged Workers
- Labour Flexibility
- Work Life/Family Balance
- Investment in Training and Education
- Development Cooperation

Health and health and Safety Management Systems

Operational policy on health incorporates all strategies to invest in human resources of economy. The purpose is to maintain health and productive efficiency and thereby to strengthen productivity and innovation. In the last years, a wide scope of operational offers was established. They range from programs for exercises/physical training, campaigns to inform about addiction, smoking, nutrition, exercise, gymnastic programs and jogging meetings, employee interviews about satisfaction at work, seminars for executive staff and programs for the introduction of operational procedures.

In this regard, Henkel KGaA can also act as an example in this important subject area in range of CSR.

Henkel institutes specific programs for health promotion and continued further education and qualification for their employees. Insofar the company confesses to a philosophy of precaution and joins the operational network “companies for health”. Furthermore, in March 2002, Henkel signed the “Luxemburg Declaration for health promotion in the European Union” of 1997.

In many cases the health care engagement of Henkel incorporates family members and employees of other companies in combined accomplished prevention programs. An annual exchange of experiences takes place between the company medical officers of all German sites and also with the human resources Department. The results of these exchanges are provided for to the international sites.

At the operational location in Düsseldorf, a company agreement became operative in May 2007. It contains the sensitisation of employees and executive managers concerning importance of health care,

preventive measures to promote health on workplace and support employees in the restoration of their health.

Global health programs are orientated towards the national and cultural circumstances of each location. The respective focuses arise out of this reflection. As a result, at some sites seminars for non-smoking or stress management are offered, at others programs for HIV prevention are in the foreground.

The German Law on Labour-Protection (ArbSchG) pledges the entrepreneur to implement employment and health protection in an adequate way. The law merely obliges to take measures and alleges general principles, but allows every company to realise the legal requirement in their own way, by an adaptation to their particular conditions.

To guarantee an effective implementation, an increasing number of companies install a management system of labour-protection.

Henkel's management system of labour-protection is based on global company standards. The implementation in everyday work is controlled by independent auditors of corporate headquarters. 98 Percent of employees were included in the analysis of 2007 including employees of external firms who work at Henkel sites and have contractual relationships with Henkel.

Main objective is to reduce accidents at work ("zero accidents"). A remarkable development has been reached between 2000 and 2005. The number of accidents was reduced by 67 percent. Until 2010 Henkel's intermediate target is the bisection of accidents in comparison to 2005, which was almost reached in 2007 with 1.7 accidents per one million working hours. No accidents with fatal consequences have been reported.

The implementation is mainly achieved by training that happens on labour level as well as on executive producer level. The bandwidth of education covers risk evaluation, emergency management up to stakeholder dialogue.

Furthermore the meeting of factory managers improves the linkage between sites and the exchange of best practice examples.

Activities to create awareness are organised in consideration of specific conditions and employee requirements.

Another example for Health and Safety Management is the handling at Hako GmbH, a Germany based producer of machinery for the external and internal cleaning. Orientated on surveillance and control on one hand and information and transfer of knowledge on the other, Hako GmbH shows in general less accidents at work in comparison to similar companies.

Surveillance and control are carried out through site inspections by authorised persons in the sector of working safety, fire protection and ecology. The detected deficiencies are recorded by skilled employees and transmitted to the responsible department chief and foremen. Also the remedy of defects is journalised. Annual instructions concerning working safety and ecology are conducted for all employees and an information platform provided intranet to answer all questions in this perspective.

Employees in Special Situations

- Older workers

The demographical development in Germany reveals an increasing number of older workers whereas the number of younger workers decreases continuously. This new challenge needs to be considered in the framework of corporate policy. Entrepreneurs are confronted with the challenge of developing ageing-appropriate work and human resource management taking into account the changing ageing structures.

The Rowenta Werke GmbH represents a good practice example. The company has consciously been focusing on experience, credibility and motivation of its long-time employees. The employee's average age of over 45 is a result of this policy.

In 2002, Rowenta has integrated a health care management system in its corporate policy. Since then, working processes were rearranged regarding to the aspect of avoiding risks. New industrial facilities and single working places were planned and created taking ergonomics into consideration and job rotations were established to arrange varied physical and intellectual work. In addition, Rowenta has installed a new voluntary working time model - the so called "5-hours-model" - and partial retirement. Also Rowenta offers to fix salaries from the age of 55 to avoid financial loss.

The internal project team "demographic development" pursues the objectives of creating a culture of reciprocal valuation and preventing social marginalisation because of age.

Since then, Rowenta discovered an improved personnel health care behaviour, acceptance of offers, improvement of working conditions in range of health care and an enhanced working atmosphere as well as a better motivation of employees in general.

Also the Hamburg Aerial Railway AG has recognized the challenges of the demographic development, as 25 percent of its employees are older than 50 years. The company adjusted itself to the age distribution of its employees by implementing new measures. Above all, the possibility of flexible working hours was organised as well as the promotion of health care. Furthermore an appropriate arrangement of working places was developed.

The company organises systematically conversations with the employees in range of appreciation, stabilisation and completion of volume of work. Especially for older workers individual measures have been taken, for example service schedules with hold-off intervals.

An interesting and innovative project is conducted currently at the Audi AG. The pilot scheme is entitled "Silver Line" and concerns the fabrication of the sports car R8.

The rate of production is relatively low with merely 20 cars per day. On the other hand the model is distinguished by its high-tech and its specific technical working requirements. These factors cause the possibility and chance to mobilise especially older workers possessing the necessary technical knowledge and mechanical skills. The work cycle length amounts to 44 minutes which is very slow in comparison to standard fabrications – for example the one of Audi A6, which amounts to 1.5 minutes. The integration of older workers in the manufacturing process is not the reason for this method of production. Also the fabrication is not easier than the one of other cars. Precisely the complicated production steps of R8 demand a technical knowledge and mechanical skills that older workers offer more naturally because of their long lasting working experience. Of course, the longer length of cycle reduces the physical exposure. This factor corresponds to the requirements of older workers. Also the assembly is facilitated as construction material is located directly in operating distance which enables a very ergonomic mode of operation and copes therefore with the requirements of older workers.

- Challenged workers

The vocational integration of challenged workers is part of CSR as well. Like other fields of action, the integration of challenged workers is based on voluntariness. Merely the employment of severely disabled persons is regulated in the 9. Book of the Code of Social Law (SGB IX).

According to § 71 I 1 of the Code of Social Law IX (SGB IX), companies with an average minimum number of 20 employees in every month per year are forced to employ severely disabled persons on 5 percent of their positions. Notwithstanding § 71 I 1 SGB IX and according to § 71 I 3 SGB IX, entrepreneurs employing less than an average number of 40 employees per year have to employ one severely disabled person at an average in every month per year, entrepreneurs employing less than an average number of 60 employees in every month per year have to employ two severely disabled persons at an average in every month per year. While the required number of severely disabled employees is not reached, the company has to pay a compensation charge according to § 77 SGB IX. That obligation does not suspend the liability to hire severely disabled persons.

According to § 83 SGB IX, companies that are obliged to employ severely disabled persons legally have to contract a settlement of integration containing regulations in conjunction with the integration of severely disabled persons, in particular personnel planning, arrangement of working centre, arrangement of work environment, work organisation, working time and regulations of accomplishment in the enterprises.

Although an obligation to employ challenged workers does not exist beyond the described legal threshold, discrimination because of disability is forbidden according to § 7, 1 General Equal Treatment Act (AGG). On the other hand, § 8 AGG allows to treat unequally because of different vocational requirements if the reason for discrimination constitutes an essential and crucial professional requirement because of the kind of work or the conditions of its exertion.

A growing occupation within this field of action is shown in the employment of severely disabled persons in companies that are not obliged to employ them and particularly in the wide practiced employment of challenged workers that do not reach the grade of severe disability.

Furthermore several companies developed private initiatives dealing with this matter. One of them is the "Corporate Forum for Severely Disabled Persons and Customers". Objective of this interbranch working forum is to use existent experiences and potentials regarding integration and employment of severely disabled persons, to develop alternate and innovative models of employment and to organise them in practice, to allocate an expert panel for economy, policy and syndicates and to support legislative initiative consultatively in this context with the pragmatic approach of economy.

The forum meets approximately four times a year. The meetings enable to exchange expertise, to enunciate upcoming topics and to develop strategies of their precise exposure. If necessary, project teams

are put together to research more intensively and transfer the results in practical and specific actions. A central working aspect of the forum is intensive public relation.

The integration of challenged workers and severely disabled persons is exemplarily realised at the Ford-Werke GmbH. Three cases of integration shall serve as best practice examples.

1. Disability and functional restriction:

A 32 years old male employee of Ford has a lame arm since a private accident. Due to the paralysed arm there are restrictions (in gripping, holding, carrying and manipulating) in carrying out his activities.

Workplace and duties:

The members of the responsible integration teams wanted to ensure that the employee remains in his old workplace area (car structural works). His work requires manipulating small and large car body panels (front nuts to bonnets) by hand. The disability causes that further employment in this area is only realisable if the severely disabled person is merely forced to work with small sheet metal components. Because of their size and weight it is possible to manipulate them single-handed without difficulty.

The IMBA Profile Comparison (comparison of personnel abilities with the demands of the job) helped to find a suitable workplace. The small sheet metal components as well as nuts are placed in a machine. These components have to be welded automatically at the end. Due to safety-related demands the present two-handed operation (two handed safety switch) of the machine had to be changed into a one-handed operation. In order to fulfil safety-related demands continually a protective grid was installed which makes intervention in the system during the actual welding procedure impossible. Since the severely disabled person is employed at this disabled-friendly workplace, he completes his tasks without problems.

2. Disability and functional restriction:

A 54 years old employee as a consequence of a heart attack has a cardiovascular disease. Because of this illness he is physically and mentally limited able to work under pressure.

Workplace and duties:

Part of his duties at the paint shop is the scheduled overseeing of the equipment but also the short-term interventions which can be caused by unpredicted technical disturbances or other events. These sudden disturbances occur naturally under extensive pressure of time and therefore cause vast stress, as in each case production loss must be avoided.

As a result of the heart attack as well as the following several weeks of medical rehabilitation, the employee was not immediately 100% employable after his return to his old workplace. The responsible Integration Team agreed to accomplish two measures independent of each other to integrate the challenged worker into his old workplace. At first he was carefully introduced to a step-wise reintegration into his full daily work time. In conclusion the work content was reorganised (in discussions with operational superiors) so that the amount of planned activities clearly rose compared to the short-term activities (so-called 'fire fighting jobs'). After the end of the 6-week reintegration the daily working time was increased from 2 to 6 hours and the challenged worker again worked 100% on his old job.

3. Disability and functional restriction:

Because of her small stature (1.51 m), a 57 years old employee has restrictions in her area of reach and vision. A body size between 0.70 m to 1.50 m is considered as dwarfism.

Workplace and duties:

With the upcoming model change and manufacturing of the new automobiles Fiesta and Fusion the challenged worker was transferred to the area of final assembly. Due to the design change, her old workplace (pre-assembly of radiators) disappeared. Because of her reduced body size her assignment at the new workplace was restricted as this activity must mainly be carried out in the shoulder area or out of its reach. So extensive exposures appeared which led to an unacceptable situation for the employee. Her wish to be able to stay in her old area or at least remain close to her colleagues was taken into account by the responsible Integration Team. Also in this case the IMBA Profile Comparison (comparison of personnel abilities with the demands of the workplace) helped to find a suitable workplace in the immediate vicinity to her previous work. Since then she works as a driver, viz. she drives the finalised Fiesta and Fusions from the last assembly line to the so-called rolling test stands where various adjustments and checks are conducted.

Labour Flexibility

- Flexible Organisation of Working Time

The working time is basically determined by duration, position and distribution. Standardised working time complies with full-time employment. This means a working time of 35 to 40 hours which is not varying in its position, distributed on 5 weekdays and occurs regularly from Monday to Friday.

If at least one of these factors is permanently changeable one could start speaking about flexible organisation of working time. With regard to CSR, the direct influence of employees on varying one of these factors is a decisive criterion.

By flexible organised working times, employees are able to adapt their working time to their individual living conditions. Thereby, they reach increased time sovereignty, work life balance and the possibility to combine family and work. Entrepreneurs have the advantage to be able to effectively adapt working time on fluctuation of utilised capacity, to avoid overtime premium and to reach lower fluctuation and absence from work.

A flexible handling of the position and distribution of working time enables to variably shift the volume of working time in different models within fixed periods. Divergences in duration expand the possibilities of flexible working time in the range of variable forms of partial work. By combining these flexibilities with each other as well as with other models like time accounts, the individual working time is optimally adaptable to personal requirements and operational demands.

In 2004, more than 20.000 German companies were asked about their organisation of working time. Almost two thirds of them use one or more forms of flexible organised working time. The most popular of them are flexible weekly working times being used by 40 percent, yearly time accounts being used by 33 percent and classic flexible work time also being used by 33 percent. Compared to the results of the previous study in 2000 all possibilities of flexible organisation of working time are used at a progressive rate and, more often, in combination. 54 percent of employed men and 49 percent of employed women use flexible organisation of working time.

- Working Time Models

Working time models are part-time, flexible work time, working time accounts, job sharing, telecommuting and trust based working hours.

Part-time enables to agree on an individual working time. An important factor insofar is the schedule and distribution of working time. If in the process of determination, the requirements of the employee are not considered, especially this kind of working time model loses its purpose, as only the consideration of personal requirements enables to reach work life balance. For instance, a part-time scheduling on afternoon is opposed to the requirements of a single parent with school age children needing care after school.

In 2004, 85 percent of part-time employees in Germany were women. 42 percent of employed women and 6 percent of employed men were part-time employed. Women worked 30.8 hours per week on average, men 40.2 hours per week on average. With 36 percent compared to 3 percent the part-time quote of mothers was 12 times higher than the one of fathers.

Flexible work time is characterized by the opportunity of each employee to organise within a predetermined frame duration and schedule of his individual working time autonomously. In principle, three versions of this working time model are distinguishable, namely classic flexible work time, qualified flexible work time and flexible work time with operational time.

Classic flexible work time means that the entrepreneur determines the frame of daily work, thus earliest possible start of work and latest possible end of the working day, and a core time during which compulsory attendance is demanded. Thereafter, merely the working time within the flexible working time frame is variable for the employee.

Concerning the model of qualified flexible work time, it is released of the rigid limitations of the classic version. The model abandons core time completely or at least reduces it to a minimum. Employee and entrepreneur agree merely about the average working time per week, month or year. The employee decides on schedule, duration and distribution of working time.

Flexible work time with operational time is released from core time as well. Instead, vocational times are determined during which companies need to be functioning. According to the operational interests, employees organise cooperatively duration, schedule and distribution of their individual work.

Flexible work time encourages individual responsibility, enables a demand orientated distribution of working time and aids reducing absenteeism, for example in case of non-job appointments like doctor's appointments. Employees are also able to react to short-term private matters.

Working time accounts replace the rigid archetype of constantly distributed contracted working time during each week. This model enables the netting out of divergences between contracted and actual working time, the generation of time credits and time debts within a determined amount, their clearing within a contracted time frame and the flexible adaptation of individual working time with family commitments.

An important criterion to distinguish the several versions of working time accounts is the contracted clearing time frame. Basically, long running and short-term accounts are distinguishable. Both versions can be subdivided further.

Concerning short-term accounts, the temporal regulation frame amounts up to one year. An ad-hoc taking out of the acquired credit is possible.

Long running accounts enable a clearing over a period of several years and a long-term accumulation of working time credits up to early retirement.

Short-term accounts are primarily the flexible work time account and the annual working time account. Within the flexible work time account, employees are able to control their working time weekly or monthly. By the end of each week or month the account should be cleared. The annual working time account enables to control the yearly working time which should be cleared by the end of the year or by the agreed moment. The particular purpose is to compensate seasonal fluctuations.

Long running accounts are the so called *Sabbatical* and life working time account. The *Sabbatical* enables to back out of professional life – in general from 3 month to one year – on retention of income and to return to workplace afterwards. During the first phase the employee works overtime. The working hours are credited to a long running account. During the exemption phase the credit is disbursed successively. Legally this model requires a temporary reduction of stipulated working time or an accumulation of additionally provided work or payment like gratifications.

The credit of a life working time account is utilised directly before retirement. This model enables a smooth and early transition into retirement and is therefore comparable with the block model of partial retirement and can be combined with it.

Especially long running accounts enable to safeguard employment as they are an alternative to avoid dismissals in case of fluctuations of utilised capacity.

Job sharing means that one position is distributed between 2 or more employees. Accordingly, the fields of work are organisationally connected and have often a connected content. The employees decide together about schedule and distribution of their respective working time. This distinguishes job sharing from other models of part-time employment, especially the distribution of a full-time position in two part-time positions, so called job splitting. There the distribution and schedule are in general determined by the entrepreneur.

Telecommuting means that the employee does not or at least not primarily work at a workplace in the company. The decentralised workplace is linked to the company.

Forms of telecommuting are alternate telecommuting, isolated telecommuting, telecommuting near domicile and mobile telecommuting.

In the range of alternate telecommuting, the employee works at a workplace in the company and at home. He remains integrated in the operational sequences and keeps in touch with the entrepreneur and colleagues. The distribution between outwork and operational work is adaptable to vocational and individual requirements.

Isolated telecommuting means that the employee works exclusively at home and has no workplace at the company. Communication is limited to exchange of documents and results. A direct contact to the entrepreneur or colleagues does not occur. This model particularly appropriates to employees that are permanently or temporarily bound to their domestic vicinity, like challenged workers or parents. However a considerable risk of isolated telecommuting is that the employee loses social contacts and boundaries between professional life and private life are blurred.

Telecommuting near domicile means that employees work near their domiciles together with other employees in specially arranged premises, either satellite offices or neighbourhood offices. Satellite offices are only used by employees of a certain company. Their location is caused by the place of domiciles. Mostly they are apart of urban centres to cut costs. By contrast neighbourhood offices are used by employees of different companies.

Like the organisation of alternate telecommuting, mobile telecommuting means that the employee partially works at a workplace in the company and partially works at changing places outside of the premises. A workplace at home does not exist.

Trust based working hours is a collective term for different very flexible versions of working time organisation. Each version is characterised by a high grade of self-monitoring regarding the employee and a renouncement to control the working hours regarding the entrepreneur. Examples for versions of this model are trust based flexible work time with a renouncement of time recording and trust based working hours with a general and complete renouncement of standards regarding time or workplace.

Work Life Balance

The decisive criterion for economy at large is the availability of human resources. Therefore, improving the balance between work and life/family is a crucial item of responsible corporate policy. Through a company management orientated towards a family friendly ambience, not only motivation and contentedness at work are improved and stress is released - which results in a lower quote of fluctuation and illness - but also the decision of starting a family is in fact finally furthered.

In this regard, several operational courses of action are conceivable. Particularly a flexible way of work organisation has been proven valuable in many companies. Among these companies are several showing as many working time models as employees. Job-sharing, part-time work and flexible working hours are only some of the practical applications of models. Another important and often used course of action is the provision of childcare possibilities at the companies.

Amongst others the VAUDE Sport GmbH & Co. KG has recognized the challenge of combining family and professional life. Since 2001, the company runs a childcare site in its premises. Open all the year from 7 am to 5 pm, the site is also available during school holidays. The children's groups are mixed-aged, limited to at most 18 children and disseminated to 3 carers in each case.

VAUDE bears all the running costs. Personnel expenses are paid by the state of Baden-Württemberg, the respective community and contributions of the parents. These contributions are very low in comparison to local and regional standard, since merely the personnel expenses are refinanced by VAUDE.

Therefore, the VAUDE Sport GmbH & Co. KG is a best practice example of a successful confrontation with the challenges of a rising corporate responsibility in general consciousness.

The charitable Hertie-Foundation as the third largest foundation in Germany aims to promote sciences in research and teachings as well as education and cultural events. One of its initiatives is the *berufundfamilie* gGmbH.

In 1995 the Hertie-Foundation supported research activities and empirical case scenarios, that scrutinized the conditions and usefulness of a family-friendly corporate policy. The results of this study created the fundamentals to develop the *audit berufundfamilie*. After positive proof of practicability and efficiency during a triennial pilot scheme in numerous companies, *berufundfamilie* gGmbH was founded in 1998.

The objective of *berufundfamilie* is to promote a family orientated personnel policy in corporations and institutions. The central instrument insofar is the *audit berufundfamilie*.

Essential key to a successful and effective realisation of a family conscious corporate management is to diagnose the concrete and individual need, to discover the operational conditions that enable and limit a conversion and to find practicable and convertible implementation models for each company.

The *audit berufundfamilie* is a management system aiming at the examination of already implemented measures, pointing out the captive potential of development, defining continuative objectives and helping to implement future steps. The intended steps are not planned as single measures, but as offers within the realisation of an accurate integrated concept.

The *audit* passes through two stages. In the first instance, a strategy workshop takes place which acts as basic reciprocal information platform, helps to define the timing and to prepare the content of the auditing workshop. Furthermore, the objectives as well as the integration of the *audit* into the master plan of the company are determined.

To accomplish the *audit* in the company a particular project team is put together representing the company in its hierarchic, organisational and social structures. Together with the auditor, this team works out the objectives and continuative measures to reach a family orientated personnel policy. These objectives are adjusted together with management, confirmed in writing and implemented within three years. The auditor documents that the *audit berufundfamilie* was accomplished and proposes that the company obtains the base-certification. A *re-auditing* after three years inspects how far the objectives have been reached and defines continuative objectives and measures. The following awarding of certification documents that the company has gained a new balance between employment and family.

The awarding of certification occurs once a year during a public event at the Federal Economics Department or at the Federal Ministry of Family Affairs.

Already the basic certification allows a company to use the European-wide protected trademark of the *audit berufundfamilie* on products, attendances and brochures during the following three years. The *re-auditing* leads to an up-grade of the right of use.

Investment in Training and Education

- Vocational Training

Vocational Training is a central issue for economy as its support is compulsory to retain qualified resources. On the other hand a well-organised training is the base of a self-dependent organised life and therefore is a core part of CSR.

In Germany exists a so-called dual vocational training system, which means that the normally triennial apprenticeship consists of a practical part and an academic part. Precondition of any apprenticeship is an indenture. The practical part takes place in three to four workdays per week or a few weeks of practical work in a row. Depending on whether the first scenario is appointed or the second, the academic part takes place in the remaining days of each week or over a few weeks. The academic part is organised by each federal state, the conceptual structure is based on a frame schedule of the federal state. The final examination is organised by the competent Chamber, for example the Chamber for Commerce and Industry or the Chamber of Traded Crafts.

German companies invest approximately 28 billion euro per year in the vocational training of their 1.6 million apprentices. In addition to their operational engagement, employer associations and trade associations have seized several measures to utilise the operational potential to train in a better way, to inform teenagers about the manifold vocational fields and to take part in professional preparation and orientation in cooperation with schools, institutions and companies. The associations invest in these initiatives about 100 million Euros per year.

In June 2004, the Government and associations of the companies have entered into the “National Pact of Apprenticeship and Qualified Personnel in Germany” which ran over a period of 3 years. Common objective was to offer every interested person an apprenticeship training position. The Pact provided the acquisition of 30.000 new training positions, measures to optimise the placement procedure and to optimise the individual survey and support of applicants and the allocation of 25.000 access qualifications for teenagers with limited chances of placement caused by missing graduations.

The objectives were reached and even exceeded every year since then. In 2005, 67.900 new apprenticeship training positions and 42.300 access qualifications, in 2007, 88.900 new apprenticeship-training positions and 43.250 access qualifications were allocated. Furthermore, 53.600 companies were first-time enlisted whilst offering such positions. 65.5 percent of the participants of access qualifications started a vocational apprenticeship, another 8.5 percent an external or academic professional training. Until January 2008, only 11.300 applicants from the previous year did not complete a professional training which means a rate of 1.5 percent of reported applicants. These dates face 4.200 still receivable training positions from the previous year in January 2008 and 19.500 positions of access qualifications.

As a result of the successful transfer of the common objectives, the Pact has been renewed until 2010.

The general conditions of apprenticeship and the protection of trainees are recorded in the National Education Ordinance (BBiG). Among other things, the Act regulates organisation of apprenticeship, compensation, objective, abrogation, behaviour of trainee during apprenticeship, ability to train and regulation of examinations.

Promotion of Education and Investments in Research

The promotion of education, educational institutions and investments in research are part of a long-term practice of German economy. Like its engagement in apprenticeship these fields of action are an important element to maintain qualified personnel. Undeniably, society profits from this effort as well as a well-founded education is supported and access to training, university or professional life is facilitated. Especially investments in research are not exclusively for charity purposes. Companies of all branches depend on stable cooperation with universities and research facilities to orientate their production on the state-of-the-art. This assures the competitiveness and thereby growth and employment. On the other hand the engagement in research enables universities to accomplish various research projects as well as education and qualification of young people.

The network of collaboration between economy and school forms the federal consortium *Schulewirtschaft* (school-economy). Responsible body for this consortium is the BDA Association of German Employers) and the Institute of German Economy Cologne (IDW). Essential objective of its work is to further and intensify the dialogue between the educational system and the economic system by exchanging

information and experiences. Objective of the Consortium is to develop concepts to improve orientation in career planning, to establish and develop models to manage academic quality, to support corporate thinking and acting, to improve economic education and to develop and intensify direct cooperation between schools and companies.

Particular measures of orientation in career planning are visits to companies to give pupils a first impression of professional life in different sectors. Job application trainings help to obtain positions for the chosen apprenticeship and profession. Another common measure is the accomplishment of potential analysis.

The compendium edited by the Consortium supports schools in their effort to implement and arrange a systematic process of quality improvement. Thereby companies convey their experiences in developing quality management concepts and in using different instruments of quality management like internal evaluations and agreements on objectives.

Economic education is not only promoted by providing insights in practice but primarily in the way of supporting the generating of curricula for the school subject "economics".

The corporate engagement in education appears in internal activities and external promotions. Internal activities arise mainly in offering internship positions. External promotions are especially the allocation of scholarships and the donation of professorships. Also direct financial promotion of educational institutions takes place.

A best practice example for internal activities shows the Alfred Kärcher GmbH & Co. KG. The company offers practical trainings, in the technical or mercantile sector for pupils and in different expert disciplines for students. Students have the possibility to complete a practical training as part of schooling either voluntarily or accessorially. Such trainings take one to two weeks in general. Students have the choice between practical trainings that last three or six months. Furthermore the company supports students in preparing their dissertation (bachelor, diploma, master), if they envisage an elaboration within a practical environment.

An intensive engagement in the promotion of education and educational institutions shows the German Telekom AG. In 2004 the company founded the Telekom Foundation. Its objective is to promote education, research and technology in Germany and to support the development of a networking information and knowledge society. The Foundation focuses on improving education in the range of natural sciences and technology from kindergarden to university. One of its university projects concentrates on the education of new teachers in mathematics and takes place at the universities of Gießen and Siegen. Objective is to improve the qualification of teachers and, in the long run, the quality of mathematics in schools. Another project has similar objectives. Therein, teachers, student teachers and scholars work on the improvement of didactic and diagnostic competences of teachers in mathematics. The University of Osnabrück officiates as its partner. Participants come from all over Germany. The innovation is a combination of practical knowledge and research of processes in thinking, learning and teaching with the aim to organise teaching in a new and more effective way. The implementation of new methods in lessons is recorded, analysed and discussed with the objective of further improvement. The project runs until February 2009.

Furthermore, the Telekom Foundation offers a wide program of scholarships. The funding is related to postgraduates in the fields of mathematics, chemistry, computer sciences and engineering sciences. Precondition is the recommendation of a university; a self-application is not possible. The promotion does not only offer financial subsidies. Scholarship holders are also supported by top-class mentors. Workshops, congresses and symposiums enable early networking and exchange of experiences and positions. The participation in the annual meeting of Nobel Laureates in Lindau is the one of the most outstanding events offered by this Foundation.

Two endowed professorships were instituted by the Telekom Foundation, one at the Free University of Berlin, another at the LMU (Ludwig-Maximilians-University) in Munich. At both universities, effects of the information and knowledge society on companies are investigated as well as effects on individuals in economic processes.

Another exemplarily engagement in the range of external promotions is shown by Altana AG. In 2003 the company founded the "Altana Forum of education and scholarship" to merge its projects. An important part of these projects is the financing of innovative professorships that enable a practical education of junior scientists. Such professorships exist at the Otto Beisheim School of Management (WHU), at the University of Constance and at the Governmental Art Academy in Frankfurt. Furthermore, scholarships were announced and exchange programs for foreign students and German students are being supported.

An important step in the promotion of education is the foundation of the European School of Management and Technology in 2002 which is located in Berlin and has another campus in Cologne. The foundation results from the initiative of 25 leading German companies, for example Bayer AG, MAN AG, Telekom AG, Robert Bosch GmbH and Siemens AG. The founders aimed at establishing an international business school, based in Germany, with a distinct European focus. As a private institution of higher education, ESMT provides executive education and offers an international full-time MBA program, as well as an Executive MBA. ESMT develops entrepreneurial leaders who think globally, act responsibly and respect the individual. With a heritage rooted in European values and the potential of technology, ESMT develops and imparts new knowledge to foster sustainable economic growth.

Corporate engagement in research is shown in the investment in single projects and on the other hand in the donation of research facilities.

In 2005, the Bayer AG and National Geographic together founded a research fund. Scientists were invited to develop innovative ideas in the range of protection of drinking water. In 2006 among 94 proposals 9 projects of water preparation and preservation were chosen that were awarded with the sum of 250.000 euro.

The beta-institute was founded in 1999 in cooperation of “Der Bunte Kreis” (The Coloured Circle – an association caring for families during and after the stay of seriously diseased children in hospital) and betapharm GmbH. Objectives of the charitable beta-institute are to foster a holistic treatment of diseases and to increase psychosocial health. A central competence to reach these objectives is research and development. Each development in this range is implemented in practice and scientifically conducted. Several scientific publications turned up and thesis projects are and were worked out at the beta-institute.

Development Cooperation

Very rarely, SMEs organize or participate directly in development cooperation, if they do not have a personal relationship with special countries or foreign companies. Therefore, examples in the private sector involve mainly bigger companies.

In Sialkot, Pakistan, exists the local nongovernmental organisation Sudhaar which is completely funded by the Adidas AG since 2002. Objective of its program is to fight child labour as Sialkot as centre of Pakistani football production has been associated repeatedly with child labour. Sudhaar tries to defeat the reasons of child labour, being poverty, unemployment and absent education. This NGO has developed model schools, educated teachers and adopted a strategy of education for the regional government. It focuses on educating competences by restoring the magisterial offered possibilities of education and fostering the participation of parents and rural communities.

The Alfred Ritter GmbH & Co. KG (German chocolate producer) runs a development project entitled “Cacaonica” in Wasala, north-eastern of Managua in Nicaragua. With 1.800 farmers, this region is the most important growing area of cocoa in Nicaragua. Originally, the objective of this project was to develop know-how, cultivation with organic fertilizer and to abandon deforestation. In 2002 a private partnership was contracted between the company and the German Society of Technical Collaboration (GTZ). Since then, the project evolved from development aid to a real project of partnership. The company obtains ecological produced cocoa from this region taking fair-trade-conditions into account.

2.2 National Legislation on Employment and Labour Security

2.2.1 Legislation on Employment

Dismissal Protection Law (KSCHG)

First of all the Dismissal Protection Law (KSchG) protects in § 1 KSchG employees in case of a social unjustified dismissal. Such a dismissal is ineffective according to § 1 I KSchG. However, this protection applies to employees working in the same company for more than six months without interruption (§ 1 I KSchG). In addition, the company must employ more than 5 employees regularly to excite the appliance of § 1 KSchG which does not apply for employees in companies with regularly less than or up to 10 employees that are hired after 31.12.2003 (§ 23 I 2, 3 KSchG).

According to § 1 II KSchG, the dismissal is socially unjustified if it is not caused by the behaviour of the employee, by reasons that belay in the person of the employee or management requirements forbidding a further employment. The facts that cause the dismissal need to be proven by the entrepreneur.

Another barrier is laid down in § 1 III KSchG by providing determined social criteria for redundancy which need to be considered sufficiently by the entrepreneur in his dismissal choice. These criteria are orientated on the socially vested rights of each employee like duration of staff membership in the company, age, maintenance obligation and severe disability. The burden of proof if the entrepreneur is presumed not to consider the social criteria at all or at least in a sufficient way is in charge of the employee (§ 1 II 4 KSchG).

The dismissal is only legally scrutinised with regard to the social justification if the employee takes action against the dismissal within 3 weeks after receipt of the letter of termination (§ 4 KSchG). This limited possibility to legally scrutinise a dismissal applies accordingly for every kind of dismissal independent of its cause and even for an extraordinary dismissal (§§ 4, 13 KSchG).

During the obligatory qualifying period (§ 20 BBiG) it is legally permitted to dismiss trainees at any time without obligation to stick to a cancellation period (§ 22 I BBiG). After the qualifying period the entrepreneur is not allowed to dismiss the trainee without presenting a grave reason of dismissal (§ 22 II Nr. 1 BBiG).

Federal Law of Parental Time and Child Credit (BEEG)

In Germany parents have an entitlement to adjourn parental time which means an unpaid release from work over a period of three years. It is possible to claim the parental time pro-rata and to split it between the parents.

From the moment of the request but limited to a period of 8 weeks before commencement of parental time and during the parental time it is prohibited to dismiss the employment (§ 18 BEEG). Insofar, the assignee savours dismissal protection which shall assure that employees are able to seize this legal opportunity.

Law on Protection of Expectant and Nursing Mothers (MuSchG)

According to § 9 MuSchG it is illegal to dismiss a women during pregnancy and up to 4 months after delivery, if the entrepreneur is aware of the pregnancy or delivery at the moment of dismissal or in case that the entrepreneur is advised of these facts within two weeks after receipt of a letter of termination. A later notification does not derogate if this instance is due to a cause that the women is not responsible for and if she promptly makes up the notification.

Protection of Disabled Employees - Code of Social Law IX (SGB IX)

According to § 85 SGB IX, the dismissal of a severely disabled person requires the consent of the Equal Employment Opportunity Commission which applies accordingly for an extraordinary dismissal in general according to § 91 SGB IX. A declared dismissal without an instant declaration of consent is ineffective. The Commission reaches its decision in the way of a dutiful discretion. In the process according to the criterion of reasonableness it deliberates about the procurements of the severely disabled person and the interest of the entrepreneur in using the existent positions economically.

2.2.2 Legislation on Labour Security

Labour Protection Law (ArbSchG)

The labour-protection law is the basic legal instrument for labour protection and obliges the business to take appropriate and necessary steps to realise a safe working environment, but exempts the measures to implement this legal requirement to the responsibility of the entrepreneur (§ 3 ArbSchG).

The allegation is restrained to general principles (§ 4 ArbSchG). The entrepreneur is forced to control and estimate the conditions of work and to document the results in case of a certain size of the company (§§ 5, 6 ArbSchG).

Employees have to be instructed on security and health protection during their labour time in a sufficient and appropriate way (§ 12 ArbSchG). For their part, they are obliged to care for their own safety as far as possible and to notify any risk (§§ 15, 16 ArbSchG). Furthermore they have the right to submit proposals to all questions of safety and health protection (§ 17 ArbSchG).

Ancillary Regulations

In order to animate and to make the provisions of the ArbSchG work in practice, there have been decreed a vast number of federal and regional ordinances dealing with different sectors and professions. Moreover, a lot of collective agreements foresee measures that have to be taken in this field. Semi-public institutions

for statutory accident insurance and prevention (Berufsgenossenschaften) dispatch information, offer trainings courses and monitor the compliance of companies with such regulations and agreements.

2.2.3 Labour Flexibility, Work Life Balance and Life Long learning

Working Time Act (ArbZG)

Purpose of the Working Time Act is to assure security and health care of employees in the organisation of working time and to improve general conditions of flexible working times as well as to protect Sunday and public holidays as days of mental and physical recreation.

The Act is obligatory. § 18 ArbZG describes the exceptions of its application on certain employee categories like executive staff in terms of the definition in § 5 III BetrVG (Works Constitution Act). Decisive factor is the autonomy in certain fields of work.

Working time is defined as the time from the beginning to the end of work without breaks (§ 2 I ArbZG). According to § 3 ArbZG it is prohibited that the working time on workdays exceeds 8 hours. However, an elongation up to 10 hours is allowed if within six months or within 24 weeks a daily working time of 8 hours is not exceeded on average.

After finishing the daily working time employees must have a continuous rest period of 11 hours minimum (§ 5 I ArbZG), whereas § 5 II, III provides for some exceptions.

Further legal admissible exceptions of daily working time and rest periods are described in § 7 ArbZG.

Sunday rest and public holiday rest are legally fixed in § 9 ArbZG. Notwithstanding this regulation, works are allowed on Sundays and bank holidays if it is not possible to conduct them on workdays. These exceptions describe § 10 ArbZG. Employees that work on such a day obtain a compensatory day off (§ 11 III ArbZG). According to § 11 I ArbZG 15 Sundays a year must stay free of work in general. Variations are allowed after § 12 no 1 ArbZG.

Wilful or careless violations of regulations in the Act can cause a penalty up to 15.000 Euro according to the catalogue in § 22 ArbZG. Wilful violations that threat health or working ability of an employee or insistently repeated wilful violations are penalised with custodial sentence or penalty due to § 23 ArbZG.

Law on Part-Time Work (TzBfG)

Purpose of the Law is to foster part-time, to determine conditions of permitted temporary employments and to avoid discrimination of employees that work part-time or temporary.

According to § 4 TzBfG it is prohibited to discriminate employees working part-time or temporary because of their respective working time model compared to similar full time employees unless substantive reasons legitimate to treat them unequally. It is also forbidden to discriminate an employee who claims the assigned rights of the Act (§ 5 TzBfG).

Part-time is defined in § 2 TzBfG. Thereafter, an employee is part-time employed whose regular weekly working time is shorter than the one of a similar full-time employed labour.

Every employee who works for a company for more than 6 months has the right to reduce his stipulated working time if the company employs normally more than 15 persons (§ 8 I, VII TzBfG). As far as management requirements are not opposed to the reduction and new working time organisation, the entrepreneur must agree and determine the working time according to the wishes of the employee (§ 8 IV TzBfG).

If employee and entrepreneur do not agree on the reduction of working time and the entrepreneur did not refuse to reduce working time in writing one month before the changes shall take place, the working time is reduced to the required amount by operation of law (§ 8 V 2 TzBfG). This applies accordingly for the organisation of working time (§ 8 V 3 TzBfG) though the organisation is changeable if the vocational interest overweighs vastly the interest of the employee in keeping the present structure and the entrepreneur announces the modification one month afore at the latest (§ 8 V 4 TzBfG).

A limited employment is on hand in case that its lapse is fixed in the calendar or its duration arises out of the kind, namely the purpose or character of the work carried out (§ 3 TzBfG).

The legitimacy of limitation is determined in § 14 TzBfG. Necessary is a substantive reason in general. In § 14 I TzBfG an enumerative but not comprehensive catalogue of such reasons is recorded. Examples of acceptable reasons according to this catalogue are temporary operational need, substitution for an employee or temporary requirement because of the character of work.

Up to 2 years the limitation of a labour contract is allowed without any substantive reason. A maximum of three elongations within two years is possible (§ 14 II 1 TzBfG). If the employee worked for the

entrepreneur before, a limitation without a substantive reason is always illegal, irrelevant whether the employment was limited or unlimited (§ 14 II 2 TzBfG).

According to § 16 TzBfG the temporary employment is feigned as an unlimited if the limitation is ineffective, viz. contracted without a substantive reason or outside of the determined range of § 14 II 1 TzBfG for an allowed temporary employment without substantive reason. The legal assertion of ineffectiveness needs to occur within 3 weeks after the agreed termination of the temporary employment, otherwise the limitation is treated as effective (§ 17 TzBfG).

Further described working models are work on call (§ 12 TzBfG) and job sharing (§ 13 TzBfG). Each contract of employment agreeing on work on call must determine the weekly and daily working time. If the contract does not discuss the weekly working time, a weekly working time of 10 hours is regarded as agreed on. Accordingly, this also applies for the daily working time. If it is not foreseen in the contract, the entrepreneur has to demand the employee to work at least 3 hours uninterruptedly (§ 12 I TzBfG). The employee is only obliged to work if the entrepreneur notifies the date of working time at least four days in advance (§ 12 II TzBfG).

Job sharing is merely a legally described working model without any obligations in its utilisation. The regulation in case of prevention shows this as well. If one employee is prevented for any reason, substitution by other employee(s) is only compulsory in case that the employee(s) has/have agreed to the substitution in particular case or the substitution is stipulated in event of urgent operational reasons and reasonable in particular case (§ 13 I 2, 3 TzBfG).

However, it is not allowed to dismiss an employee in case that the other participant of the shared job drops out of it. But a dismissal with the option of altered conditions of employment and a dismissal based on another termination reasons are allowed (§ 13 II TzBfG).

According to § 11 TzBfG an abrogation is ineffective if its reason is the refusal of the employee to change from a full time employment to part-time or reversed.

Partial Retirement Law (AltTzG)

The Partial Retirement Law (AltTzG) facilitates a smooth transition from professional life to retirement. The Federal Employment Service promotes the settlement of partial retirement in the way of financial benefits if the conditions of entitlement are fulfilled. They are defined in § 3 AltTzG. Assignees are employees with a minimum age of 55 that achieve the conditions of § 2 AltTzG. They have the opportunity to settle a supported partial retirement agreement with their entrepreneurs which means a reduction to the half of the previous working time if the working time is reduced at the latest from 31.12.2009 on.

The law is supposed to promote the settling of partial retirement. Mainly used is the so-called block model which means that the partial retirement is divided into 2 phases of employment with the same length. During the first so-called work phase, the weekly working time stays unchanged. During the exemption phase the employee is released from work completely. Thereby a bisection of working time is reached.

Federal Act on Annual Leave (BUrIG)

According to § 1 BUrIG (Federal Leave Act) every employee qualifies for paid holiday in each legal year. This right may only be claimed for the first time if the employee worked for the entrepreneur for at least 6 months (§ 4 BUrIG). During this waiting period the claim emerges pro-rata (§ 5 BUrIG).

The holiday amounts to at least 24 workdays (§ 3 I BUrIG). Due to § 7 I BUrIG the request of the employee regarding the holiday period must be considered by the entrepreneur in the temporal determination, unless urgent operational interests or prior requests of other employees due to social aspects are not in line with this consideration. Furthermore, the holiday needs to be provided and taken during the current legal year. A transfer to the next legal year is only allowed, if the transfer is justified because of urgent operational reasons or reasons that lie in the person of the employee. In case of a transfer the holiday needs to be provided and taken within the first 3 months of the following legal year (§ 7 III BUrIG).

A claim for indemnity emerges as far as the claim for holiday is unrealisable in case of expiration of the described obligatory periods. However, this applies under the condition that the employee asked for the provision in due time and the entrepreneur did not provide holiday timely. The entrepreneur must compensate the unrealisable claim by providing a surrogate holiday.

If holiday was not provided because of termination of employment, the entrepreneur has to compensate this now unrealisable claim by payment (§ 7 IV BUrIG).

The claim for holiday is indispensable (§ 1 I BUrlG). The protection of holiday and therefore of a healthy work life balance manifests itself as well in §§ 8, 9 BUrlG. According to § 8 BUrlG the employee is not allowed to work during his holiday if work and purpose of holiday are contradictory. Following § 9 BUrlG, proved sick days during holiday are not counted as holiday.

Life Long Learning Measures

German legislation does not provide for binding life long learning measures. In the past, the quality and duration of the German basic vocational training system has been regarded as a long-lasting fundament for work life.

Due to the ongoing and growing changes that all business sectors are facing, especially SMEs in Germany had to understand that learning and improving the skills merely on the job is no longer a guarantee for competitiveness and the workplace itself.

Lifelong learning has become a key focus in Germany in recent years, both for innovations in the education system and for efforts to open up greater opportunities for disadvantaged groups. The underlying motive for all action in this policy area is to encourage individuals to take greater responsibility for their own education and employment biographies and, in this context, to develop financing models that will enable and motivate them to do so. Through education, moreover, social exclusion is to not only be prevented but also reduced in order to avoid social inequality, promote cohesion and keep productive potential from going unexploited. The key documents briefly outlined in this chapter each reflect this approach in line with their respective specific objectives.

Germany's education sector exhibits considerable diversity and differentiation; until just very recently, many knowledgeable observers both at home and abroad considered it to be extremely effective and efficient. There can also be few doubts as to its receptiveness to and capacity for innovation, both in *concrete terms* and *in regard to specific issues* the education sector is marked by and "lives" from a multitude of initiatives, pilot projects and network approaches – many of them funded by the Federal Government, by the Governments of the Länder and by the European Commission, in nearly all fields of general education and vocational training. At the same time, however, the sheer multitude of concrete, practical, case-specific reform projects in schools, regions, companies, inter-company training centres, non-company training facilities and facilities run by other providers makes it difficult to keep them straight and gives the impression that synergy and generalisation effects are not being sufficiently utilised, as a matter of considerable import, especially in Germany's new eastern Länder. One reason for this is the distribution of competences and responsibilities within the education system, which sets Germany distinctly apart from other countries. Within the framework of the federal system in the Federal Republic of Germany, for example, general education falls primarily within the purview of the Länder. Competence for vocational training does not lie with a single body or level of government. Vocational training is provided largely within the so-called "dual system", a combination of in-company training and classroom instruction. The statutory provision for (in-company) vocational training is the Vocational Training Act of 1969, which established a training system that is clearly separate from general education. The training employers, the chambers and the social partners play a key role in the provision of in-company vocational training. To the extent that vocational schools are involved, these fall within the "cultural sovereignty" of the Länder. The responsibilities of the Federal Government have been defined in keeping with this division of responsibility.

The wealth of options, division of responsibility and differentiation marking the German education sector always pose a difficult challenge when *structural innovations* are on the agenda, as is essentially the case when systemic prerequisites for and framework conditions conducive to lifelong learning are to be created.

Lifelong learning – viewed from the standpoint of learning individuals and their biographies – transects the various competences; a lack of coordination on their part can thus severely complicate the organisation and pursuit of lifelong learning. *Profound improvement of cooperation* – above and beyond the extent of coordination already achieved thus far – amongst all fields of education and at all levels – but especially "on location" – is therefore a key prerequisite for all progress to be made. Wherever *shared responsibility* for education and *co-investment* in education take on a new quality, the framework conditions for lifelong learning improve. The financing concept for the education sector must further this process.

The Federal Government's *action programme "Lifelong Learning for Everyone"*, which was launched by the Federal Ministry of Education and Research in January 2001, takes Germany's specific circumstances into account insofar as work to promote lifelong learning must by no means start "from scratch" but can instead build on a multitude of recent reform measures and initiatives undertaken in harmony with the EU policy in these areas. On the other hand, however, the Federation's regulatory competence is limited; this

is likewise taken into account in the *action programme*. This becomes particularly obvious if one looks at the issue of drafting a feasible individualised financing concept for lifelong learning, one of the “million dollar questions” of a structural nature: given the strongly supply-oriented spectrum of educational provision – above and beyond the area of compulsory education – that has evolved in Germany over the years, this issue proved so complicated that it was first necessary to appoint an *Expert Commission on Financing Lifelong Learning* to further clarify it.

The action programme stresses the necessary focal areas of creative action in two directions. Since the learning individual “takes centre stage”, the framework conditions must be created for *all people* to:

- *develop a willingness to pursue lifelong learning,*
- *acquire the skills required for lifelong learning, and*
- *avail themselves of and fully utilise both institutionalised and new learning opportunities in their daily living and working contexts.*

The action programme can thereby refer to a substantial number of programmes, measures and pioneer projects funded or co-funded by the Federal Government that (can) contribute to the promotion of lifelong learning if they are construed in this sense.

These consist of the following:

- the programme “Learning Culture for Skill Development”,
- the framework concept “Innovative Development of Work – The Future of Work”,
- the BMBF initiative “Early Identification of Qualification Requirements”,
- the reporting system on continuing education,
- the campaign “Quality in Continuing Education”,
- the programme “New Media in Education”,
- the initiative for the future of higher education institutions
- the funding concept for inter-company training centres,
- the BMBF initiative “Additional Qualifications in the Dual System of Vocational Training”
- the programme “School-Economy/Working Life”
- the European CV and further development of the EUROPASS,
- the BLK pilot programme “Lifelong Learning”, and, finally,
- the programme “Learning Regions – Providing Support for Networks”

As stated earlier, the development of “learning regions”, initially, forms the core of the action programme and not just because the volume of funding and the sheer number and scope of the projects to be funded place it in the category of a major programme. Rather, its central importance stems above all from the fact that the *region* is perceived as a field of action close to people’s lives and the world of work in which the various initiatives and forms of support for lifelong learning can effectively and tangibly complement one another. “Learning Regions” projects thus take on particular importance as “hinges” and “implementation vehicles”, also against the background of the differentiation and division of political competences in the field of education.

The projects implemented under the programme “Learning Regions” hence also have the task of contributing in very concrete form to the fostering of cope

Today, the results of this projects show that bigger SME have introduced their own training schedules, providing in-house skill enhancement trainings, but also use external “service providers”, whereas small companies more often rely on the help of professional associations, chambers and other easy accessible training facilities.

A general threshold, especially for SME, is the costs involved. Whereas for bigger entities the per-capita expenses are much lower, SMEs face higher financial burdens if they try to offer trainings and qualification projects on a sustained basis. Sometimes it is already seen as a burden if the employee has to be paid during such trainings without working for the company. A negative effect on SMEs is also rising from the situation that in the beginning well-trained and highly motivated employees move to bigger companies not only because of a better payments but also because of better post-graduate learning facilities.

Therefore, Germany’s SMEs still face a lack of awareness when it comes to life long learning measures.

2.3 FIDEN's measures for a better understanding of CSR meanings

2.3.1 History and Structure

Since 1956, FIDEN offers a platform for cleaning companies and building services contractors to exchange experiences and to install business and personal contacts on a European and international level. FIDEN hosts at least one congress annually, offering to members information from renowned experts on current subjects of building cleaning in a pleasant environment. Besides this, FIDEN takes part in a number of events and specialist exhibitions on a European level and there offers a point of contact for its members. At regular intervals, the FIDEN newsletter is published. Also, members receive selected information from the organs of the EU.

FIDEN is a non-governmental and non-profit organization regrouping more than 100 entrepreneurs, national and regional branch organizations and suppliers in more than 10 European Members States and other European countries. Due to the limited size of the organization, FIDEN does not offer any own CSR programmes or projects, but sees its role in disseminating information from European, national and regional level.

2.3.2 Focal Points of FIDEN Activities

Special focal points of the content of FIDEN are questions of quality management, outsourcing and award of contracts under tenders as well as deliberate public relations work serving a positive representation of building cleaning as important branch of economic activity on a European and international level. Special attention is awarded by FIDEN to the interests of young companies, whether in takeover of existing or formation of new operations. As platform for activities in this sector, the group of young entrepreneurs within FIDEN has been formed. FIDEN also wants to make a contribution to the economic upturn and strengthening of democratic structures in the restructuring countries and therefore places special attention on support of companies in these states.

Therefore, FIDEN's scope is:

- to promote the economic interests of its members;
- to contact producers of floor-covering, construction materials, tools and chemical products;
- to organize international congresses;
- to promote co-operation with national and international institutions which are very important to the Association and its members.

FIDEN, as an international organisation, is not directly involved in Committees or Fora on CSR issues.

FIDEN organized several international conferences dealing with different aspects of CSR in a multi-national perspective allowing participants to exchange experiences and best practices.

- St. Petersburg 2007 - „Ex Oriente Lux – On the Road to an Economic Balance in Europe“
- Rome 2006 - “Experience is Future“ Service Companies – Players in Today's Society
- St. Gall 2005 – “On time Towards the Future”
- Dubai 2004 - “The Cleaning Industry - Services without Frontiers ”
- Bologna 2003 - „Cleaning Industry quo vadis - Specializing or Diversifying“

The 2008 conference will take place in Malta during September under the theme “FIDEN – WE Cleaning And Responsibility”

Main subjects of the debates are:

- Integration of the multi-cultural workforce of cleaning companies
- Health and Safety at Workplace
- Improving Quality by improving Skills

2.4 SMEs' knowledge and application of the CSR issues

2.4.1 The general level of awareness and engagement with CSR

In some specific sectors, SMEs show a big engagement with CSR but they are not completely aware of it. They do not know about CSR projects or theories or simply do not have time to learn about them.

Firstly, CSR in SMEs comes from tradition and size. The SME entrepreneur or the entrepreneur's family, very often also involved in the business, personally knows and cares for the employee. SMEs simply do not have a hire and fire mentality like big companies.

Secondly, SME in general are more flexible to organize their businesses, but also expecting from the employee to be more flexible, if necessary.

Nevertheless, SMEs face problems if engagement with CSR implies bigger investments in time and money. Therefore, implementation of CSR, especially in smaller companies depends largely on the personal attitude of the owner/owner family and works the better the sooner the positive effects of such projects can be achieved and be seen. Especially for service companies, the need to introduce and to expand CSR was born and is always increasing by the demand of their customers, choosing their partners not only on the grounds of best prices but also on their responsibility towards employees, customers and the “environment” in general.

It is interesting to see that in Germany, due to the very hard competition in some sectors, the strategies of SMEs talking about CSR are very different. Some of them feel that under this situation CSR is too expensive and time consuming and therefore reduce their efforts to a minimum, whereas others respond to this situation in creating even more CSR measures in order to stimulate their workforce and to attract new clients and customers.

When it comes to CSR attitude among the different sectors, it can be clearly noted that usually CSR projects in the production sector are more concentrated on the workforce and less sophisticated for the customers. SMEs in these sectors think that it is mainly the product that counts not the “package and the ribbon”. In the service sector, where the product is not that measurable, CSR projects are more directed at the customer in order to present the company in a “bright light”.

A little bit different is the situation for cleaning companies. FIDEN’s experience shows that a lot of companies have understood that due to the price dumping situation, also the workforce has to be stimulated and trained in order to achieve better results in less time.

Due to the need to use a wide range of chemicals for their cleaning services, companies from this sector have developed a very high level of sensibility for the protection of their workers and the environment in general.

2.4.2 Best practices

As FIDEN is an international Association representing Cleaning and facility management Companies, the best practice cases have been chosen from the members of FIDEN. With regard to the number of people employed one could argue that these companies are not small and eventually not even mid-size in comparison with the average SME business.

But size is different for Cleaning Companies. Really small companies have up to 500 employees and really big Companies are starting from 10.000 employees. Also, one has to keep in mind that usually 80% of the workforce is part-time, part-time meaning in a lot of cases that the weekly working time does not exceed 10 hours.

1. Ziegler Group

Company	Ziegler Group						
Business sector	Building Services Contractor, Facility Management						
Address	Böcklinstr. 2, 67061 Ludwigshafen						
Telephone	+40/621/586030						
Email address:	info@ziegle.de						
Web site:	www.ziegle.de.						
Number of employees							
<i>Full time</i>	280	<i>Male</i>	56	<i>Female</i>	224	<i>Total</i>	280
<i>Part time</i>	410	<i>Male</i>	80	<i>Female</i>	330	<i>Total</i>	410

Company and CSR processes presentation

The founder and the Managing Director of the Group is Hans Ziegler. The group consists of several branches located in the area of Ludwigshafen/Mannheim. The main fields of activity are cleaning of office buildings, production areas, hotels and hospitals, Facility management services like technical maintenance

of buildings, housekeeping, gardening, catering, janitorial services. Ziegler Group has also a distribution company for all kinds of cleaning materials and chemicals.

The customers of Ziegler Group are small companies like hotels, but also public institutions and big companies, mainly from the chemical industry. In the tenders, such institutions and big enterprises have more and more inserted specific conditions regarding handling of CSR issues in the service companies. Main issues are quality certifications for the company and the workforce and water and waste treatment.

What Corporate Social Responsibility represents for Ziegler Group?

According to Ziegler Group:

Individual responsibility	Employees are the “figurehead” of a company. They are representing the company in its every day life. Therefore, they have to be motivated and showing their commitment not only through neat corporate clothing but also through concentration on the job and friendliness and capacity. Ziegler Group attaches great importance on the own responsibility of the employee.
Responsible management of the company	Although Ziegler Group is not a typical SME in the broad sense; it is still a small company in the cleaning industry. Therefore, the owner and manager, Hans Ziegler, feels personally responsible for sense of well being and safety for both his employees and the customers is very near to his heart.

How the company implements CSR

INTERVENTION AREAS	ACTIVITIES	ACTIONS
Human Resources	Equal opportunities	There is no difference on sex, age, gender, and religion when employing people.
	Training	The company is permanently offering in-house and external training programs for all employees depending on their position and work
	Worker’s Council	Ziegler Group has voluntarily encouraged the employees to set-up a worker’s council in order to intensify the flow of information and participation of employees in the decision making process
PARTNERS		Ziegler Group is interested in long lasting, fair partnerships creating a win-win-basis for both sides
CUSTOMERS		Ziegler Group has a 24-hour service in order to respond directly to customer requests or complaints
SUPPLIERS		Ziegler Group prefers local suppliers, possibly also SMEs and is interested that they are also respecting CSR principles
FINANCIAL PARTNER		Ziegler Group is preferring to work with local banks in order to stimulate the local economy
GOVERNMENT, LOCAL ENTITIES, PUBLIC ADMINISTRATION		Hans Ziegler is very active in different sector associations and semi-public chambers and thereby has close relationship with governments, local entities and public administration

CIVIL SOCIETY	Non Governmental Organisations	Hans Ziegler is President of FIDEN, treasurer of the National Cleaning Association (Bundesinnungsverband des Gebäudereinigungshandwerks) and President of the Regional SME Organisation of Ludwigshafen with the personal objective to improve the professionalism of the businesses and their representation towards society and public entities
	Charitableness	Ziegler Group participates in several regional and local projects aiming at better living conditions for children and disabled persons
ENVIRONMENT		Dealing with all kinds of chemicals, Ziegler Group has developed very high standards, going beyond the legal provisions, for the treatment of water and waste.
GOOD MANAGEMENT		Besides up-to date management methods which are indispensable for every well functioning company, Ziegler Group is very much interested in keeping the "human touch"

2. REIWAG FACILITIES

Company	REIWAG FACILITIES						
Business sector	Facility Management, Real Estate Management						
Address	Burggasse 60, 1070 Vienna						
Telephone	++43/1/5239300						
Email address:	office@reiwag.at						
Web site:	www.reiwag.at						
Number of employees							
<i>Full time</i>	<i>600</i>	<i>Male</i>	<i>120</i>	<i>Female</i>	<i>480</i>	<i>Total</i>	<i>600</i>
<i>Part time</i>	<i>1700</i>	<i>Male</i>	<i>210</i>	<i>Female</i>	<i>1490</i>	<i>Total</i>	<i>1700</i>

Company and CSR processes presentation

REIWAG FACILITIES (REIWAG) has been founded more than 100 years ago. Today it regroups several Austrian entities and has stake-holdings ranging between 25% and 100% in similar companies based in Hungary, the Czech Republic, Slovakia, Croatia, Romania and Ukraine. A branch in Russia will start very soon. All these companies are active in the sector of facility management services. Main clients are big insurance companies, banks, shopping centers and public institutions.

Due to the fact that Austrian companies are investing to a very high degree in the Central European Countries, REIWAG customers have always shown great interest to get the same service quality for their foreign projects. Such requests have not only stimulated REIWAG to go abroad but also offered right from the beginning a stable turnover facilitating the start-up phase. In some events, REIWAG also had the chance to enter into a private-public partnership, providing the back up of the investment with the knowledge of a reliable partner on the site.

What Corporate Social Responsibility represents for REIWAG

Individual responsibility	REIWAG is offering to every employee the chance to achieve management positions independently from the initial level of knowledge and training, but only based on the personal efforts and performance
Responsible management of the company	The management has based its intention for the sustainable growth and continuous development of the company on two principles – “to be happy while earning money” and “to serve the customer to make him happy and to earn (more) money”

How the company implements CSR

INTERVENTION AREAS	ACTIVITIES	ACTIONS
Human Resources	Equal opportunities	There is no difference on sex, age, gender, and religion when employing people.
	Training	The company is permanently offering in-house and external training programs for all employees with the possibility to up-grade positions and salary
	Employee Award	REIWAG has created an annual employee award based on a benchmark system and input given by customers and colleagues
PARTNERS		REIWAG has created a network together with the scope to offer business opportunities with priority to the partner
CUSTOMERS		REIWAG has initiated projects together with its customers to define quality of cleaning services instead of merely hourly based work
SUPPLIERS		REIWAG’s success is based on a long-lasting and fair relationship with suppliers
FINANCIAL PARTNER		REIWAG prefers working with local banks with good connections in the business world
GOVERNMENT, LOCAL ENTITIES, PUBLIC ADMINISTRATION		The owner and manager of REIWAG, Viktor Wagner, has been called as an expert for various projects of the Austrian Government as well as from the Major of Vienna on simplification of administration, logistics and external business relations; private-public partnership with the city of Prague for waste management

CIVIL SOCIETY	Non Governmental Organisations	The managers of REIWAG have various high-level position in chambers, sector and umbrella associations representing businesses; REIWAG has been awarded several times as one of the fastest growing SME's in Europe (Europe's 500)
	Charitableness	REIWAG is one of the active partner's of the "Connecting People" project aiming at the better integration of young foreigners in Austria
ENVIRONMENT		Dealing with all kinds of chemicals, REIWAG Group has developed very high standards, going beyond the legal provisions, for the treatment of water and waste as well as safety regulations for workers
GOOD MANAGEMENT		REIWAG is very interested and active in motivating every employee to improve the services through different projects (see above)

3. HAKO Group

Company	HAKO GROUP						
Business sector	Production of Machines for floor cleaning and grounds maintenance						
Address	Hamburger Strasse 209-239, D - 23843 Bad Oldesloh						
Telephone	++49/4531/8060						
Email address:	info@hako.com						
Web site:	www.hako.com						
Number of employees							
<i>Full time</i>	<i>2000</i>	<i>Male</i>	<i>1600</i>	<i>Female</i>	<i>400</i>	<i>Total</i>	<i>2000</i>
<i>Part time</i>	<i>300</i>	<i>Male</i>	<i>200</i>	<i>Female</i>	<i>100</i>	<i>Total</i>	<i>300</i>

Company and CSR processes presentation

Since the beginning of the 1950's the brand name Hako has been associated with quality products for floor cleaning and grounds maintenance. Today Hako is one of the leading manufacturers – worldwide – of superior technology for indoor and outdoor cleaning and grounds maintenance. Hako is well-known in all important markets.

At Hako customer satisfaction is the main objective and forms the focal point of all work. That is why HAKO sees it as their responsibility to provide specialist advice as well as safe quality products which suit the application in question and benefit users. HAKO can offer a wide range of important services as well as exemplary customer service. All that is what a large team of reliable employees are working together to achieve.

What Corporate Social Responsibility represents for HAKO

Individual responsibility	HAKO is very much in favour of multitask capable workers and employees and therefore has moved from the usual assembly lines for machines to working teams where every worker has the knowledge and qualification to complete the whole machine
Responsible management of the company	The management has based its efforts to be the best manufacturer and supplier of specialized machinery on a couple of special services to the customers going beyond the usual ancillary maintenance and replacement services. At the same time the management has introduced voluntary quality management and environmental protection guides and principles – the motto of HAKO is: “Give me more, give me HAKO!”

How the company implements CSR

INTERVENTION AREAS	ACTIVITIES	ACTIONS
Human Resources	Equal opportunities	There is no difference on sex, age, gender, and religion when employing people.
	Training	The company is permanently offering in-house and external training programs for all employees with the possibility to up-grade positions and salary; workers have the possibility to learn foreign languages and to work for HAKO’s branches in other countries
	Safety at work	HAKO has introduced special guidelines and trainings regarding safety at work; for every administration and production area specially trained first aiders have to be present at any time
PARTNERS		HAKO is choosing its partners not only on a price/quality basis but additionally expects basic CSR principles to be respected
CUSTOMERS		HAKO offers a free of charge objective performance comparison through an economy calculation on side allowing the customer to evaluate if a modernization of machines is necessary; inhouse financing of new machines for the customer; in case of malfunction of machines, HAKO offers a “fire insurance” by interim replacement; all major customers are invited annually to visit the production site and to liaise with employees and workers
SUPPLIERS		HAKO’s success is based on a long-lasting and fair relationship with suppliers
GOVERNMENT, LOCAL ENTITIES, PUBLIC ADMINISTRATION		HAKO undertakes to have very good relationships not only because a lot of them are customers, but HAKO’s interest is to stay and to produce in Germany and not to shift its production to low-cost countries

CIVIL SOCIETY	Non Governmental Organisations	HAKO is present in different national and international organizations representing the Machines Manufacturers aiming at a better representation and understanding for their needs and efforts for the business world
	Charitableness	HAKO is sponsoring cultural events and sport teams, but also giving financial support to different aid organisations
ENVIRONMENT		The HAKO environment guidelines - By using appropriate instruments and organisational means, HAKO guarantees responsible and farsighted handling of natural resources. Obligatory environment standards determine HAKO's attitude towards environmental protection – new chemicals used by HAKO have to be tested and approved on the grounds of specific HAKO rules
GOOD MANAGEMENT		HAKO Management has made CSR especially when it comes to environmental protection to a core objective of the company and is always open for new ideas

PART III

Instruments and application tools

The implementation of CSR policies must become concrete, tangible and in some way, measurable and assessable to become operational. This can be made possible by utilizing some tools amongst which: certification of social responsibility, adoption of social report and code of Ethics, development of specific strategies of social marketing and use of social trademarks or labels.

Presently, at international and national level a heated debate exists, involving various political, scientific and cultural aspects to define a common vision of these tools. It is a fact that the implementation of these instruments within the enterprises is managed by managers, who have to interface and dialogue with all the stakeholders of the enterprises itself. It is therefore necessary to identify inside the company specific functions and specialized human resources who will assume defined roles and responsibilities on CSR issues.

Referring to the CSR toolkit, that means the essential elements for the implementation of CSR models, some instruments are linked to the internal organizational aspects of the enterprise, while others concern the external communication. In particular, the adoption of ethical and social behaviour codes and the main systems of social certification for CSR have an immediate effect on the organisation of the enterprise. On the other hand, all tools fit for external communication and the strategies of promotion like social marketing and social trademarks or labels.

3.1 Organizational instruments

These are instruments made up of indications and standards to be respected by all the organisations asking for being recognized as socially responsible or certified as such. They can concern all the managerial aspects and/or minimum levels of performance such as the application of the international legislative provisions on labour as provided for by ILO.

The main tools pertaining to the organisation of an enterprise such as codes of behaviour and systems of certification will be examined thoroughly hereinafter. These instruments offer the enterprises the possibility to estimate the results of its social performance making changes to its organisational structure. For example, the adoption of the standard AA 1000 provides for the acquisition of a dynamic model for the continuous improvement of the social and ethical accounting, auditing and reporting of the enterprise.

3.1.1 Responsible behaviour codes

The social and responsible ethical behaviour codes are instruments to implement social responsibility within the organisation (profit, non-profit, institutions, associations or others). The code is a document, whose contents are shared by the management and workers, as it describes the meaning of ethical and responsible behaviour within the organization and between the latter and the personnel; the code is binding for the parties to a reciprocal respect of such conditions.

The code of behaviour is a document which clearly explains the guidelines referring to the reciprocal professional correctness between the stakeholders and the organisation and defines the restraints of the staff and enterprise's autonomy, principles of trust, honesty, privacy, transparency and anything else is deemed as fundamental for a good management of the relations between the organisation and its workers, both external and internal. For this reason, a typical feature of the code is the mutual assumption of responsibility of the enterprises towards its stakeholders and *vice-versa*.

The adoption of a code of behaviour by a company represents a high-value innovation for the respect of fundamental rights and duties, mainly moral, and the assumption of social and ethical responsibility by every active participant in the organisation. It is an official document which the highest administrative body of a specific company (e.g. Company Board of Directors or Managing Committee of a Foundation) voluntarily accepts and approves. This code represents an "ideal" social contract, which becomes the reference for the good management of the relations between stakeholders and organisations, for the orientation of personal conduct, the eventual evaluation of any lacks and the consequent resort to sanctioning criteria, which must necessarily be prefigured when drafting the code.

It is an efficient tool for the development of an organisational culture based on ethically correct behaviours, deemed as such by the management and shared with all the internal stakeholders. Such guidelines should be not violated, as they are essential for the achievement of the mission of the organisation.

If we have a situation in which a "non-respect" occurs, penalties must be applied confirming the seriousness of the ethical provisions of the codes as well as safeguarding the organisation and its

stakeholders. Consequently, it serves also to prevent any irresponsible and illicit behaviour by representatives of the enterprises thus defending its reputation and increasing the stakeholders' trust. The code of ethics is not only a document containing some indications on the behaviour of the human resources but represents a significant commitment within the organisational culture of the company and therefore it should be tailor-made for each single enterprise.

The operational aspects of the social and ethical behaviour code are:

- Moral legalization role: all stakeholders can evaluate which, among the various expectations, receive legal recognition and are treated fairly;
- Incentive role, since it enhances the observance of the regulations upon which the reputation of the enterprise and its trust relations depend and encourages the enterprise to lay down clearly some duties towards the human resources;
- Cognitive role, since by stating principles and rules it is possible to identify the non-ethical behaviours, and therefore, to explain the appropriate use of authority delegation, discretion and autonomous decision-making of every involved individual, inside and outside the organisation;
- Prestige, given that the declaration of high-value principles and the evidence of coherence in the daily behaviour, can provoke, in the external observers and in the stakeholders, positive evaluations and a perception of the authority of the organisation.

The drafting of the code of behaviour can vary from organisation to organisation, but is generally developed on four levels:

Level 1- a technical introductory report is drafted to explain the role and the general principles of the code, the mission of the organisation and the best way to realize it;

Level 2 - the social and ethical contents are defined to be applied to the relations among the several stakeholders (consumers, suppliers, dependents, etc.) and the organisation, specifying the commitments undertaken;

Level 3 - drafting of the main standards of behaviour, such as: the principle of moral legitimacy / fairness and equality / personal defence / diligence / transparency / honesty / privacy / impartiality / care for the environment / health protection (others);

Level 4 - Thorough the explanation of the control mechanisms for the respect of the code, internal sanctions to be applied in case of violation of the rules to the bodies charged with such functions (Social Ethical Committee).

The actors involved in the drafting and operational application of the code are:

- The Social Ethical Committee, a body composed of representatives including internal stakeholders and some external experts for "business ethics" who have been charged to develop the most neutral and impartial vision of ethical issues.
- The Ethics Officer, an internal representative who is responsible for the various activities of development as well as for the internal training.
- The internal Ethical Auditing, an independent operational group whose task is to study and evaluate, through a systematic approach, the functioning of the enterprise with respect to the contents of the social ethical code, to improve the efficiency and effectiveness of the organization.

3.1.2 SA8000 Certification

Among the most diffused international systems for corporate certification is the SA 8000 standard (Social Accountability) elaborated in 1997 by CEPAA (Council on Economic Priorities Accreditation Agency), a derivation from CEP (Council of Economic Priorities) an American Institute founded in 1969 to provide investors and consumers with informative instruments to analyse corporate social performances. Today such body is named SAI (Social Accountability International) and it undertakes to improve, at international level, working standards by developing and including the principles of social responsibility into companies' policies through an operational tool that is the SA 8000 certification. Within SAI, the International Advisory Board has been set up, a committee including experts from trade unions, entrepreneurs and Non-Government Organisations, which defined the institutional lines and developed the standard SA 8000.

SAI promotes the acknowledgement of SA 8000, encourages its diffusion and it is responsible to accredit the bodies issuing the certification, with the objective of supporting its adoption and its recognition at world level, as for ISO 9000 quality certification. The organization, moreover, pays great attention to

social responsibility issues implementing the appropriate updates of the standard; this is what took place in 2001 when some changes were introduced among which the extension of the application of the standard's requirements also to home-workers.

SA 8000 is a voluntary system of certification based on the personal choice of the enterprise to respect the minimum requisites and directives established by the standard. The compliance of the company's and its suppliers and sub-contractors' performances with the required conditions, certified by a third accredited body, is an essential fulfilment for the release of the certification. In respect of such a condition, SA 8000 appears to be as flexible to be applicable both in developing and industrialized countries, to different-sized enterprises, as well as to public bodies and the private sector.

Through SA 8000, control systems are created for the whole suppliers chain, thereby constituting an advantage in terms of high-quality performance and of a better acquaintance of the leading company. Externally, through the system of certification, the enterprise can demonstrate its correct behaviour to consumers, investors and institutions.

The system SA 8000 effectively establishes some conditions deemed to be necessary to achieve the social quality certificate or rather: the respect of eight social requirements established by the standard relating to work issues, as well as the implementation and application of a management system for social responsibility.

The rules and procedures proposed by the standard SA 8000 have been defined for supporting the development, preservation and reinforcement both of policies aimed at respecting social principles as well as of management system for the implementation of such policies. At the same time, such system is intended to satisfy the communicative exigencies proving to all involved parties that the policies and the procedures effectively implemented by the enterprise comply with the requirements of social responsibility as identified by the standard itself.

The requirements established and defined by the SA 8000 are based on the ILO Conventions, the Universal Declaration of Human Rights, the Convention for Children's Rights, the United Nations' Convention to eliminate the discrimination against women and concern the respect of human and workers' rights, the fight against the exploitation of minors and health and safety at the workplace. The relations between the above-mentioned social requirements, obligatory for the organizations asking for the certification, and some laws in force in the different countries, can be very close since both regulate the same issue. In this respect the standard SA 8000 establishes a specific relation between national laws and provisions indicated in the standard for their implementation: the respect of the national law is urged and, when an overlap occurs with certification's requirements, the enterprises must comply with the most binding provisions, that is those offering the greatest guarantees for human and workers' rights.

In this way, the respect is pursued of a minimum structure to protect the rights being applicable in the enterprises that operate worldwide, also in those countries with a less sound legislative system.

The eight requirements dictated by the system SA 8000 can be summarised as follows:

1. Child labour. The standard SA 8000 states that employing or supporting employment of workers younger than 15 years is strictly prohibited as stipulated in the convention 138 and in the ILO Recommendation No. 146 regarding the adequate age for employment. International regulations ban employment for children having the minimum age for finishing the compulsory education. The scope of supporting the completion of the educational course is also provided for in the standard SA 8000 compelling the enterprises to create mechanisms to recuperate children involved in child labour by supplying them with instruments allowing school attendance. As regards the so-called "light works", admitted by ILO Conventions for youths between 13 and 15 years old, SA 8000 forbids enterprises to employ the above-mentioned work force during school hours.

2. Forced labour. It is forbidden to use and support forced labour that is workers who makes a service involuntarily or under threat of punishment. The standard concentrates on the various modalities through which the enterprise could oblige a worker to make his tasks. In this respect, for example, it is strictly prohibited that an enterprise asks the workers to release any documents or deposits at the beginning of a working relationship.

3. Health and Safety. Given that enterprises have to respect ILO Convention No. 155 and national law, they should also ensure a healthy and safe working environment, provide with mechanisms against work accidents and systems to identify and remove risks for health and safety. On these themes, adequate training must be guaranteed to all the personnel.

4. Freedom to join associations and right to collective bargaining. The SA 8000 certification states the employers' duty to respect workers' rights to join trade unions and to collective bargaining. Such activities cannot be hindered especially through forms of discrimination. By recognising that some limits exist to

such rights in countries governed by totalitarian regimes, where, SA 8000 invites the organisations operating in those countries to facilitate the use of alternative forms of association.

5. Discrimination. In respect of the relevant ILO Conventions, SA 8000 forbids any discriminatory actions against workers, for example regarding employment or wage policies, related to race, national origin, social status, sex, political or religious belief, disability, or the membership to a trade union.

6. Disciplinary actions. No forms of physical, mental or verbal violence or compulsion can be allowed in the disciplinary procedures.

7. Working hours. In respect of national or local laws and the ILO Convention No. 98 on the issue, the standard SA 8000 prescribes some parameters to be respected even though they are stricter than the laws of each country. The number of hours in a working week cannot exceed 48 hours and a maximum of 12 hours overtime is allowed, in a week, compensated with a higher wage.

8. Wages. On this issue, SA 8000 standard recommends the respect of the prevailing laws on this theme in the different countries. The wages must allow to satisfy the primary needs and figure bonuses. The wage cannot be subject to any disciplinary measures. The standard also takes into consideration the legal aspects stating that the enterprise has not to use any type of contract, such as the apprenticeship, with the scope of avoiding all the obligations provided for in the labour laws.

With reference to management systems, the SA 8000 calls for the respect of the pointed out requisites and national and international laws and for a continuous improvement, also through a periodical revision of the company policies objectives and actions undertaken to meet the specific requirements. All this constitutes the basis of the socially responsible policy that the enterprise has to define within the management system as requested by the standard.

One of the main features of the standard refers to the chain of suppliers and sub-contractors, that is all the commercial entities supplying directly or indirectly goods or services to the main supplier which sells goods/services to the enterprise applying for the SA 8000 certification. All suppliers collaborating with the enterprise must formally express their commitment to respect the requirements identified by the SA 8000, to inform the enterprises on business relations with other suppliers and sub-contractors and to solve any possible non-conformity with the requirements stated in the standard.

At this regard, the enterprise asking for the certification must actively define procedures that allow, during the selection phase, the choice of commercial partners, possessing the above-mentioned requirements. The mechanisms of control on the implementation should allow a constant verification, for all the duration of the business relations, on the effective compliance of the performances and behaviour of its suppliers/sub-contractors with the social criteria. In this way, a mechanism for the respect of the requirements has to be implemented affecting the whole chain of suppliers, enhancing the dissemination of the SA 8000 provisions amongst the maximum number of economic operators.

The management system must provide a process for the continuous monitoring of activities and results that, through internal auditing, reveals any non-conformities of the system in respect to the social policy defined by the enterprise and to the requirements of SA 8000. Such differences may also be pointed out by all the stakeholders, including internal personnel, against whom no discriminatory actions can be implemented, as stated by the standard. Within the company, procedure should exist for dealing with any possible non-conformity and eliminating the problems that give rise to such deformations.

Finally, according to SA 8000 requirements, the management system must provide tools to communicate to all internal and external stakeholders all the information regarding the objectives and results achieved. The verification of the compliance with all requirements must be obtained through the appropriate registrations and the interested parties must have the possibility to verify the data declared.

To conform to the indications contained in the system SA 8000, the enterprise exposes its functions, processes and activities to constant inspections. In addition, it carries out appropriate controls on its suppliers. Besides these verifications related to the internal control system, the release of the SA 8000 certification requires an external control through inspections carried out by third parties accredited to SAI. In the period preceding the inspection, after the analysis of the self-evaluating report drafted by the company, the status of "Applicant" is declared for the company voluntarily asking for certification and stating its commitment to implement the standard. Within one year, the enterprise accepts to undergo the certification inspection unless it applies for a renewal of the "Applicant" status, conceded for a maximum overall period of three years. The "Applicant" certificate is an instrument of visibility for the enterprises willing to carry out all the procedures to obtain the social certification.

In conformity with the standard, the auditors must take into consideration the points of view of a certain number of interested parties: workers and managers and the representatives of the community where the enterprise operates.

During the 3-year validity of the certificate, the companies that obtained the certification are subject to further periodical inspections carried out by the body that verified the conformity to the standard with the aim of confirming that, within the normal activities of the enterprise, the respect of standard requirements is maintained. On the expiration date, the renewal of the certificate requires a new process of inspections.

3.1.3 The AA 1000 Standard

AccountAbility 1000 (AA 1000), strictly linked to social and environmental certification systems, is an international process standard created to orientate the strategic management of the enterprises and organizations regarding social and environmental responsibility.

This instrument was proposed in 1999 by ISEA (Institute of Social and Ethical Accountability), an organisation based in London charged of elaborating practices relating to the ethical behaviour of enterprises and the sustainable economic development.

Flexibility is a distinctive feature of the standard allowing to be applied to enterprises of different size and operating in different sectors, to public and non-profit organizations.

The main objective of the standard AA 1000 is to increase the quality of accounting, auditing and social-ethical reporting processes with the aim of improving the economic, social and environmental company's performances and of enhancing sustainable development.

Such instrument can be used both to increase the quality of social responsibility standards and as an autonomous process standard to manage and communicate the social and ethical results.

The quality of the processes is defined through some principles on which the standard is based, amongst which:

1. accountability, that is the capacity of the organisation in explaining, justifying and responding to its own decisions and actions towards all the interested parties, in conformity with the established policies and procedures;
2. inclusion, achieved through the involvement of all the parties, giving them the possibility to express freely by removing any possible restriction. The achievement of this inclusion depends upon some factors with distinctive features:
 - the aim and the nature of the process of accounting, reporting and auditing must be complete, tangible, regular and timely;
 - by giving significant, quality and accessible information;
 - by ensuring a continuous management orientated towards improvement.

The AA 1000 standard can be developed in four phases:

- a) Planning: it refers to the commitment undertaken by the enterprise, to the identification of the stakeholders and the ways of their involvement, to the definition and the periodical updating of the social and ethical values of the organization and to the identification of the objectives.
- b) Accounting: the relevant issues are pointed out relating to the social and ethical activities and performances of the enterprise, constituting the object of the reporting; the organisational aspects and the inspections procedures are defined to guarantee the quality of information communicated to the stakeholders. By bearing in mind the values and the expectations expressed by them, the indicators are set for the evaluation of the enterprise performances and the method used to gather information.
- c) Auditing and Reporting: it consists in drafting the written reports regarding the results achieved in respect to the prefigured objectives of social and environmental responsibility also considering the trends in the course of time. Furthermore, by supporting activities to the external auditing and the communication to the parties of the results achieved and by facilitating the access to the documentation. Feedback is expected to be received from the stakeholders to be shared.
- d) Reinforcement and continuous improvement of the accounting, auditing and reporting systems.

AA 1000 enhances the use of instruments elaborated and promoted by Global Reporting Initiative (GRI) for the reporting activity: the Sustainability Reporting Guidelines.

These ones deal with the issue of integrating standard AA 1000 with other CSR instruments, especially ISO and SA 8000 standards, pointing out differences and complementary elements for a combined use of all of them.

Finally, a training program is carried out for management, staff and external professionals involved in auditing, reporting and accounting activities.

3.1.4 Environmental certification ISO 14001 and EMAS

This paragraph will describe the general features of environmental certification standards in order to complete the general framework of the implementation instruments of the CSR model.

In response to environmental issues, the commitment of the international and European institutions and bodies is directed towards the creation and development of systems of voluntary certification. The main instruments hereby analysed are the International Standard ISO 14001²⁷ and the European Regulation providing for EMAS²⁸.

The ISO 14001 certification is the result of a voluntary choice by an organisation that decides to establish/implement/maintain and improve its own Environment Management System (EMS) by complying with the requirements set out in the standard. It is worth pointing out that the certification ISO 14001 is not a product certification, it does not certify a specific environmental performance, nor states a low environmental impact; it rather proves that the certified organisation has an Environmental Management System suited to monitor the environmental impacts of its activities and systematically pursues improvement in a coherent, effective and sustainable way. Moreover, being an internationally recognised standard, ISO 14001 enjoys mutual recognition also in non-EU States.

EMAS is a European instrument created to promote and integrate the economic development in accordance with environmental principles and sustainable development, mainly intended to provide organisations, authorities and citizens with an evaluation and management tool for the environmental impacts of their organizations. EMAS is open to any European organization of public and private sector willing to improve its environmental efficiency.

In order to obtain EMAS registration an organisation must:

- **Make an Environmental Analysis.** Examine all the environmental impacts of the activities carried out: production processes, products and services, evaluation methods, regulatory framework, practices and procedures of environmental management already in use.
- **Equip with an Environmental Management System.** Basing on the results of the environmental analysis, create an effective environmental management system aimed at implementing the organization's environmental policy and achieving the improvement targets set by the top management. The system must specify responsibilities, resources, operational procedures, demands for training, measures for monitoring and control, communication systems.
- **Realize an environmental audit.** Evaluate the effectiveness of the management system and the environmental performances in respect to the policy, the goals of improvement, the environmental programmes of the enterprise and the current laws.
- **Draft an environmental statement.** The environmental statement must describe the results achieved in respect to the prefigured environmental objectives and specify how the organisation plans to continually improve its environmental performances.
- **Obtain an independent verification by a certification body accredited by EMAS.** An auditor accredited by an EMAS accreditation body in a Member State must examine and verify the environmental analysis, the environmental management system, the procedure and auditing activities, and the environmental statement.
- **Register the statement at the competent body in the Member State.** The environmental statement as ratified by the auditor must be sent to the competent Body of the Member State for registration.
- **Use the ratified environmental statement** to communicate data on the environmental performances in marketing activities, in the analysis of the chain of suppliers and in the supplying.

Once the organization completed the above mentioned registration, it receives an identification code in a specific European Register and it acquires the right to utilize the logo EMAS and make its own environmental statement available to the public.

Both standards are therefore based on the implementation of an environmental management system composed of a cognitive and planning phase (PLAN), a phase of implementation (DO), verification (CHECK) and monitoring (ACT) of the actions implemented, in respect of the environmental laws and with the aim of a continuous improvement.

A common feature is their integration with each other. In particular, enterprises already possessing a certified management system in conformity with ISO 14001 can apply for EMAS, continuously strengthening their environmental performances, ensuring compliance with the environmental legislation,

²⁷ ISO 14001 "Environmental management systems - Requirements with guidance for use".

²⁸ Council Regulation no. 761, of 19 March 2001, in OJ L 114, of 24/04/2001.

through supervision of the public Authority, involving workers and informing the public, through the diffusion of the environmental statement and the use of the logo EMAS.

Being certifiable standards, both ISO 14001 and EMAS involve not only the implementing enterprise, but also a third and independent part (the accredited Certification Body) to state, by the release of an appropriate certificate, the existence and the implementation of the requirements set by each provision. In addition, the EMAS Regulation establishes a further subject, that is a competent body or a public authority, appointed by the Member State, charged to perform the tasks stated in Articles 6 and 7 of the Regulation (Registration Procedure). The registration procedure consists in the verification of the compliance with the legislation, in the inspection and ratification of the “environmental statement” and the subsequent registration in the European EMAS Register.

The implementation of an environmental management system by an organization (both in conformity to the standards ISO 14001 and EMAS), not only provides the necessary tools to monitor environmental impacts and increase compliance with law, but it also represents an opportunity to improve the management of business processes basing on environmental principles, through a constant monitoring and inspection activity. Therefore it enhances the optimization of the production process, also in terms of cost reduction (lower consumption of raw materials, transports, water and energy; rationalisation and recycle of waste including packaging; lower emissions; reduction of the risk of incurring sanctions for non-compliance with law, etc.) and a higher efficiency of business activities. Among the most significant indirect advantages, there are the improvement of the company image towards the stakeholders and the strengthening of a non-conflicting relationship with the social and environmental context where the company is located.

To this day, however, the application of international standard ISO 14001 is more preferred, especially by SMEs, as this tool

- Is more flexible, with a lower bureaucratic complexity;
- has more sustainable costs for its implementation;
- is based on international provision;
- is considered more accessible by enterprises thanks to the absence of a public Authority in the inspection phase.

The European Commission, aware of the need for a greater integration between economical and environmental policies and of the difficulties encountered especially by the SMEs in applying the existing European standards, has launched some initiatives and incentives for the development of EMAS, considered as an instrument aiming at increase the legislative compliance in the environmental sphere.

Firstly, in 2001 EMAS Regulation was revised introducing new provisions to increase the involvement of SMEs including:

- an easier access to information and supporting funds;
- the introduction of technical assistance measures;
- more adequate registration fees;
- the creation, at local level, of assistance activities to identify environmental impacts;
- the definition of regional or national programmes to enhance the participation of SMEs;
- the creation of a Committee supporting the European Commission, composed of representatives of all Member States, for the development of activities and programmes of dissemination and assistance for the implementation of the Regulation.

At the same time, several initiatives have been launched, both at European and national level: promotional actions, such as the publication of informative material, newsletters, handbooks and guidelines, and enhancing activities, like innovative EMAS projects within specific financial programmes or within national fiscal policies.

For more information on these activities see the website:

http://ec.europa.eu/environment/emas/index_en.htm

3.1.5 Occupation Health and Safety Assessment Series – OHSAS 18001

The OHSAS 18001²⁹ is an international Occupation Health and Safety Assessment Series for health and safety management systems. It is intended to help an organization to control occupational health and

²⁹ The following information have been collected in the official web site: <http://www.ohsas-18001-occupational-health-and-safety.com/index.htm>

safety risks. It has been developed considering the increasing demand for a recognized standard related to such risks. It comprises two parts, 18001 and 18002 and embraces a number of other publications.

This certification has been created through a concerted effort by some of the major national standards bodies, certification bodies and specialized consultants. The participants were the following:

- * National Standards Authority of Ireland
- * Standards Australia
- * South African Bureau of Standards
- * British Standards Institution
- * Bureau Veritas Quality International
- * Det Norske Veritas
- * Lloyds Register Quality Assurance
- * National Quality Assurance
- * SFS Certification
- * SGS Yarsley International Certification Services
- * International Safety Management Organisation Ltd
- * Standards and Industry Research Institute of Malaysia
- * International Certification Services

OHSAS is applicable to any organisation willing to set up an OH&S management system to eliminate or minimise risks to which employees and other interested parties may be exposed during their activities.

The following other documents have been used in the creation process:

- BS8800:1996 Guide to occupational health and safety management systems
- DNV Standard for Certification of Occupational Health and Safety Management Systems(OHSMS):1997
- Technical Report NPR 5001: 1997 Guide to an occupational health and safety management system
- Draft LRQA SMS 8800 Health & safety management systems assessment criteria
- SGS & ISMOL ISA 2000:1997 Requirements for Safety and Health Management Systems
- BVQI SafetyCert: Occupational Safety and Health Management Standard
- Draft AS/NZ 4801 Occupational health and safety management systems Specification with guidance for use
- Draft BSI PAS 088 Occupational health and safety management systems
- UNE 81900 series of pre-standards on the Prevention of occupational risks
- Draft NSAI SR 320 Recommendation for an Occupational Health and Safety (OH and S) Management System

3.2. Communicational instruments

Communication is an essential element in CSR issues as it is one of objectives making the commitment social responsibility advantageous for enterprises. The most important and effective instruments are hereby described, that are the social report, social marketing and social trademarks or labels.

3.2.1. Social report

The social report is the main instrument of CSR communication with a double value: an internal value as an instrument of self-analysis by the enterprise on the effective commitment in the social field; an external value to communicate to the stakeholders the “social added value” achieved by the enterprise.

The main applications

The experiences realised over the last years have confirmed the relevance of the social report as an instrument to clearly explain the socially responsible activities carried out by the enterprises. The purpose is to draft a document being factual and suitable to be communicated to all the stakeholders and understood also the not-insiders and able to guarantee the quality of the training process and the information contained therein. The choice of the methodology and communication for drafting the document is facilitated by the lack of any prescribed regulations and by the absence of any body charged of checking the social report and to whom the contents and the process must be transmitted.

Nevertheless, some generally accepted principles exist to draft a social report which became an important methodological reference thanks to their precision and flexibility, making them suitable to the different sectors of activity.

The principles for drafting the social report are:

- a) Identification: in the social report the categories of stakeholders to whom the enterprises must report the results of its activities have to be clearly identifiable.
- b) Responsibility: the most complete information have to be provided regarding the property and governance in order to give third parties the clear perception of the related responsibilities.
- c) Inclusion: all stakeholders should be directly or in directly included, explaining the methodology of survey and reporting adopted. Any eventual exclusions or limitations must be motivated.
- d) Coherence: a description must be made to make clear the coherent link between the policies pursued by the management and the declared company values.
- e) Neutrality: the social report must be impartial and independent from any partial interest.
- f) Clearness and intelligibility: the information contained in the social report must be clear and understandable. Therefore all recipients must be enabled to understand the logical and technical procedures of the survey, reclassification and training and also any discretionary elements adopted. The structure and the contents of the balance must favour the intelligibility of the choices made by the enterprises and the procedures followed.
- g) Periodicity and recurrence: the social report, being complementary to the company balance sheet, must correspond to the administrative period of this latter.
- h) Homogeneity: all the quantitative monetary data must be reported in one currency.
- i) Significance and relevance: it is necessary to consider the effective impact that the event, financial and not, have produced in the surrounding context. Eventual subjective estimates and evaluations must be founded on explicit and congruent hypothesis.
- j) Verifiability of information and transparency: the procedure to collect and report data and information can be verified.
- k) Reliability and factual representation: the information resulting from the social report must be free from errors and bias, so that users can consider it the most reliable picture of the object it represents. To be considered reliable, the information must reproduce the subject faithfully giving priority to the substantial aspects over the formal ones.
- l) Autonomy of third parties: where third parties are charged of drafting specific parts of the social report or ensuring the quality of the process or formulating evaluations, judgments and comments, they should be requested to be autonomous and independent

The principles can be observed even using different methodologies for the collection and the processing of data; therefore, it is worth evaluating the opportunity to include in the social report a brief methodological note explaining the technical process adopted for the survey and the interpretation of the information, the autonomy of the staff who has carried out the work and his autonomy ensuring a neutral and objective logical procedure. This could contribute to the transparency of the document as a qualitative-quantitative survey scientifically congruent, reliable and technically possible to be reproduced.

Operational aspects

Since the drafting of the social report in operational terms is not subject to a specific methodology, it rather deals with some defined topics divided into sections and which cannot be omitted.

1. The section “identity of the enterprise” regards:
 - a. the description of the institutional structure of the enterprise and the evolution of the governance;
 - b. the description of the reference values, the ethical principles and codes, actually observed in the enterprise activity;
 - c. the definition of the company’s mission both in financial and social terms, including the activities and the contributions to improve the welfare of the general public and the social integration;
 - d. the statement of short-term policies, with particular reference to the expected objectives and the instruments identified to manage the enterprise;
 - e. the description of the medium-long term strategies the enterprise intends to pursue, explaining their contents, the available resources, the initiatives and actions to be realised.
2. The section called “production and distribution of the added value” reports the data included in the financial balance, redefined to point out the new wealth produced and the redistribution towards the stakeholders. This section must contain the following data:
 - a. The financial account with the prospect to determine the value added of the characteristic and global net production.
 - b. A prospectus of apportionment of value added, including:

- remuneration of the subjects who maintain work relations with the enterprise (dependents and not);
 - remuneration of capital risk and loan capital;
 - economic profit acquired from the Public Administration through direct taxes, indirect taxes and subsidies in commercial account;
 - reserve funds of the enterprise that in this case is considered to be an autonomous subject having the right to remuneration to guarantee its survival as well as in representation of the potential interlocutors who, in the future, can intervene, as a result of development in new business areas and job creation.
3. The social report, a section dedicated to the summary of the quantitative and qualitative results obtained by the enterprise. The contents are executed in relation to the commitments undertaken, the programmes carried out and the effects produced on the individual stakeholders. For this purpose, the enterprise must identify the stakeholders when the problem of drafting up the social report arises. The stakeholders can be personnel, shareholders, financiers, clients, suppliers, the public administration, the community, the environment besides others depending on the typology of the enterprise at issue. The commitments undertaken, the policies adopted and the coherence with the several declared objectives should be explained to each and every category of stakeholders. The other profits produced in addition to the economic results in favour of the stakeholders must be described in narrative statements, descriptive pictures, testimonies and advice, as clear and exhaustive as possible.
 4. Finally, some additional sections are considered and these are dedicated to the collection of consensus through presentation of judgments and opinions of the stakeholders and to the proposals for improvements in the social report by making it more complete, transparent and comprehensive.

Benefits and criticalities

The lack of a standard methodology, common to everybody, could generate confusion although it would not provoke a profit loss in the social report yet it would create situations not applicable to different subjects such as the SMEs, non-profit enterprises and public bodies. Undoubtedly, the company's choice to realise its social report generates a range of advantages³⁰ both internally and externally.

- Some in-house advantages generated by the drafting of the social report;
- facilitate the monitoring and codification process of the replies usually chosen by the enterprise to respond to the request of its internal stakeholders;
- improve the capability to foresee and jointly plan the objectives that the organisation pre-establishes to trigger off most useful virtual dynamics for a correct definition of the activity.
- can generate improvements of the in-house controls and facilitate the analysis of the variance of the expected results;
- support the internal transparency, as well as the possibility of preventing significant or insignificant irregularities that can take place in the enterprises and are often linked to dishonest behaviour, and/or fraud committed by the in-house personnel;
- boost the possibility of identifying innovative solutions for the work carried out;
- act as an efficient and effective instrument of information relating to the internal needs.

For what it concerns the external advantages generated by the drawing up of the social report, the following points can be considered:

- harmonization and consolidation of the dominating values in the organisation;
- the communication role with the external stakeholders to better understand the specificity and the results, as and when achieved in the social and economic sphere of the enterprise;
- generates a monitoring and codification process of the responses from and towards the external stakeholders by simplifying its improvement and effectiveness;
- the possibility to collect and check, with greater precision, the responsibilities entrusted to the enterprise from outside and monitor its coherence with the company values.
- by means of the procedure used when drawing up the social report space for confrontation is created in order to communicate its ideas and opinions with the external stakeholders, useful to define shared strategies of cooperation;

30 Cfr in: Graziano Maino e Francesco Manfredi (a cura di), "NON-profit enterprises, the government and the communications of quality" Egea, 2000. Cfr in: Francesco Manfredi, "Bilancio sociale: modelli per innegabili vantaggi", in Terzo Settore, n.11/2002, pag. 36.

- the diffusion of a comprehensible and transparent social report legitimizes the social role of the enterprise and accredits its activity, whether carried out only internally or towards the community. In this sense it also has the role of facilitator to increase trust from the stakeholders.

The advantages of the organisation are also related to the dynamism and flexibility of the social report which, if in a position to be published annually together with the financial report and the relation to the activities, represents an ongoing instrument open throughout the year offering the possibility to verify, re-think and implement improvements. Such a flexible condition of the social report allows some elements of criticality to come to light generating continuous adjustments, uncontrollable from the outside, but can be produced in the document of the enterprise yet often without respecting transparency and for its exclusive prerogative can provoke some abuse.

The more risky aspects are highlighted hereunder:

- it is in the interest of the organisation to emphasize the positive elements, keeping a low profile in respect to any eventual shortcomings or negativity risking of running into abuse that might expose it to a denigrating campaign;
- using the wrong marketing and publicity strategies for the organisation wanting to communicate externally, the social and economic effects of its behaviour thus rendering the good actions undertaken seem banal;
- the social report represents a public document containing declarations of which the enterprise is obviously well aware of, for which in the event that a serious incoherence comes to light regarding the contents, the reputation of the enterprise is at stake and the severe repercussions will tarnish the relationship its has with the stakeholders besides it will prejudice its position on the market.

3.2.2 Social Marketing

The social marketing represents a strategic choice and necessitates careful planning. It handles marketing campaigns linked to social commitment and entail concrete actions by the enterprise. Donations, cause-related marketing, corporate volunteering are among the most widespread forms used by the enterprise to carry out and publicize its social commitment.

General objectives of greater or lesser clamour can be chosen (e.g. the worldwide problem of famine) or can turn to the local community (e.g. repair the parish sports ground), operating from the citizens' point of view.

The attention attributed to the community problems cannot be considered a new phenomenon, as it is possible to track down in history, the economic development of a number of cases in which enterprises supported activities not strictly in line with the companies' business but aimed to satisfy social needs.

Helping the community is one of the significant aspects of the actions to determine a socially capable enterprise; however, it cannot be considered the one and only exhaustive element for CSR.

Some advantages:

- (1) feedback in terms of image and reputation;
- (2) improvement in the relations with the stakeholders;
- (3) an increased legitimisation to operate;
- (4) recognition of the enterprise and product;
- (5) diversification and contribution to construct the value of the product and the enterprise with respect to the consumers;
- (6) more consensus on the part of the internal personnel of the enterprise;
- (7) improving skills and satisfaction of the personnel.

Some of the more diffused forms of Social Marketing are analysed below:

Cause Related Marketing

The Cause-Related Marketing (CRM) is a commercial type activity with which an enterprise, by means of an offer of its product or service, associates its name or trademark to a charitable body (or organization), activating a partnership aimed at reaching the consumers or well-defined targets, with two parallel scopes: the commercial nature of the enterprise and the social ones of the charitable organization (usually dealing with non-profit bodies).

Identifying and agreeing upon the mutual advantages derived by both the enterprise and the charitable organisations right from the start, is a basic condition to establish a valid and lasting collaboration.

By means of the social marketing activity the enterprise can obtain a social added value to its actions, building customer loyalty – at the same time – become a more socially aware and exigent consumer.

The first example of this marketing strategy is accredited to an initiative promoted in the United States in 1983, when American Express carried out a promotion campaign of its products in association with the restoration of the Statue of Liberty. The American Express promised to assign one cent for every purchase effected with its credit cards and one dollar for every card issued for this initiative. This operation helped to collect over one million dollars and also contributed to increase the use of credit cards by about 30 percent.

Today, Cause-Related Marketing is a promotion instrument widely used by the enterprises to collect a large consensus also from the consumers. The distinct types of social marketing linked to this cause are listed below:

- a) Transitional Cause-Related Marketing agreements in which a company advertises the relation of its products with a charitable organisation to which it destines a quota of its profits.
- b) Cause-Related Marketing promotions. Similar to the previous one but in this case the product promotes a campaign for a specific social cause supported by a charitable body. For example, a brand of detergents can, with every packet sold, contribute a fixed amount (for example: 1 euro) to buy toys for children's hospitals.
- c) Cause-Related Marketing in licensing where the enterprise links its name or product to a charitable organisation devolving the latter an agreed amount of resources that can also be proceeds, like for example, coming from an organized event. They constitute types of examples of marketing initiatives in which a part of the funds is assigned to, for instance, UNICEF.
- d) Cause-Related Marketing in joint fund-raising functions where the enterprises connects its name to a charitable organisation, acting as intermediary to collect funds for the organization itself. Such modality is mainly diffused, for example in banks who offer services or financial tools where part of the proceeds reserved for its investors is devolved automatically to the associated charitable organizations.
- e) Similarly, social sponsorships in Cause Related Marketing constitute a commercial type investment by the enterprise directed to pursue, on reciprocal basis, interests of financial support to a public cause paid back in terms of communications. Unlike the CRM programmes, sponsorships are characterized by the irregular occurrence of the disbursements and with a less strategic aim in time. They are directed mainly to support sports and cultural activities often locally and can involve more charitable bodies at the same time or even cover an entire event.

The implementation of CRM actions follows a strategic approach that seeks long-term collaboration with a specific charitable body, to achieve permanent and lasting improvements of the image of the enterprise. The stakeholders have the possibility to appreciate in time, the active commitment to solve social problems or to support various charitable proposals.

The outcome of Cause-Related Marketing initiatives represent the relations established between the business world and the charitable bodies and can symbolize a reciprocal opportunity of knowledge, enrichment and professional growth.

Finally, the community, as receiver of the services and social environmental interventions can have a positive spin-off of the CRM activities as thanks to these activities, it is possible to finance feasible projects which at times are difficult to realize without external contribution.

Donations and social investments.

The enterprise willing to get involved directly in supporting important social causes and subjects operating in this field can choose to adopt the system of donations and social investment or better still support projects that encourage development in the community where the enterprise is sited such as, for instance, scholarships, constructing hospital wings, purchase of ambulances, etc.

The donations or acts of generosity are philanthropic interventions operated in favour of specific initiatives or non-profit organizations representing charity activities not connected directly to a commercial scope. The phenomenon of donations is widely diffused in Europe also thanks to the impetus of favourable tax regulations that consent the deduction of the amount devolved to charity.

Corporate volunteering

Another way through which the enterprise can fulfil a further concrete commitment towards the community is by corporate volunteering that is accomplished through the participation of the personnel of the enterprise itself:

- a) by supporting programmes and initiatives proposed directly by the workers themselves through commitment to voluntary service among all the personnel, financial donations and/or in kind to the

voluntary organisations, paid working hours which the dependents avail themselves to carry out voluntarily, rewarding bonuses or other to the personnel involved in social activities, etc.

b) by means of programmes proposed directly by the enterprise that second personnel to activities and projects executed in favour of beneficiary bodies, with the scope of integrating solidarity aimed to develop skills and motivate the personnel. The secondment of the personnel to a non-profit organisation for a rather long period (several months) can be done during a transition period in the wake of a career passage or prior to retirement. Shorter secondments are, on the other hand, connected to the realisation of specific projects whilst, in other cases, occasional collaboration can be carried out by creating mixed working groups involving the personnel of the enterprise, representatives of the organisations and others. Tutoring and assistance also form part of corporate volunteering that can lead to establishing a one-to-one relationship between the personnel of the enterprise and members of the beneficiary bodies, with the aim of transferring specific skills to the latter.

Corporate volunteering involves the workers directly in community-related problems unlike financial aid which supports social activities realized through a collaboration involving beneficiaries.

Corporate volunteering demonstrates a concrete interest and commitment in solving social problems and shows solidarity towards the community or for international causes. For the personnel involved this is translated in a greater satisfaction and awareness of the role played in the community, intended to improve closer relations with the different subjects of the community.

For the enterprise, this represents a way of expressing a commitment to solve problems affecting the community and to communicate its social obligation to the workers and all the stakeholders. For the community, such interventions are interpreted in an opportunity of growth and availability of resources to draw on interesting professional ideas and know-how besides leading to a concrete solution of the problems as well as an increase of voluntary service.

3.2.3 Product Trade marks

The purpose of labels and trademarks is to communicate through symbols and recognized verbal formulae that the goods in question were produced in conformity with a number of requisites, such as: respect of human rights and labour; special systems to protect health, safety and the environment, defined choice to improve the impact of the social process of marketing; other.

Unlike certification standards that test the organisation, the management and the overall processes of running the activities of the enterprise the point on which to focus on the analysis regarding the concession of trademarks, and product labelling with regards to its characteristics and cycle of life.

The objective of affixing trademarks is to influence the consumers' purchasing-decision and awareness towards the products and incorporate an added social and environmental value. They are, therefore, instruments aimed directly at the intermediary or final customer and by identifying the articles as regards to a category of marketable goods incorporate a greater attention to social problems or can be considered to be more ecological.

For this purpose, trademarks in the production line represent a useful lever that can be used in its marketing strategy.

The first experiences of socially guaranteed trademarks date back to last century when some union and consumer organizations in Europe and the United States registered a trademark on specific typologies of products in order to communicate that they had been manufactured by a workforce who signed a collective agreement on labour.

In the 60s, an important impetus to create social standards of the products and the relative trademarks saw the birth of a movement for fair-trading led by humanitarian organisms and other associations in different countries.

Such movement was constituted to support development in the poorer countries, by facilitating access to international markets and to guarantee the producers a just remuneration (in particular small farmers and artisans), otherwise excluded or placed at a disadvantage in respect to the normal business mechanisms. The participants to the initiatives of fair-trading allow the producer to invest and identify its production, guarantee better working conditions for all the workers, and create more awareness to protect the environment. The profits derived from these actions are advantageous for the entire community in view that they create favourable conditions to protect society and the environment in developing countries.

Over the last years, there has been a proliferation of product labels that gives information on the ecological characteristics of the goods. The environmental certification of the product is one such instrument that the EU proposed in the Green Paper on Integrated Product Policy, which document

provides for a number of useful indications for the policy-maker in order to pursue the objectives of sustainable development.

The diffusion of the environmental and social labels confirms the importance that the enterprises create awareness in the consumer and the considerate behaviour practices in the social and eco-sustainable responsibility.

Up to date one finds a number of labels, in some cases, countersigned by the producers themselves and in other cases in compliance with the programmes proposed by the associations and non-government bodies or public subjects. The latter, unlike self-declared trademarks, are subject to a control by third parties to enforce conformity with the requirements.

The Green Paper on CSR issues and the Communication of the European Commission of 2002 express the position of this latter regarding the labelling initiatives where the existing problems regarding a non-homogeneous adoption of the criteria in the different programmes are highlighted and from a vague and verifiable concept of the contents in the social/environment context communicated by the trademarks. The approach of the European Commission is to stimulate the authentication of the criteria adopted to increase objectivity, transparency and credibility of the information.

Whilst recognizing the value of trademarks as means of communicating the social and environmental aspects, the Commission encourages the parties concerned to practise initiatives to promote debate, create awareness, rationalize and diffuse the main instruments of social corporate responsibility.

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