

CSR Newsletter

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Dear readers,

It is my pleasure to make a brief introduction to the special edition of newsletter dedicated to the regional conference "Development of Corporate Social Responsibility – examples of good practice". The idea to

prepare the edition that would be dedicated to the regional conference resulted from the need to document all significant knowledge shared at the conference, and which also represents its special value.

Namely, the conference served as a good way to demystify the meaning of the phrase corporate social responsibility through expert analysis and discussion and to point out to the necessity of rapid association of all relevant actors from public, business and civil sector so as to establish strategic framework for development of this concept in Montenegro. In this sense, we received significant help from our guests from Macedonia, Serbia, Slovenia, Croatia and Bosnia and

Herzegovina, whose participation at this conference is another of its special values. That is why it wasn't so difficult to find the ideas for this edition of the newsletter. We opted for the most informal version – the casual, yet serious interviews with our guests where we asked all those questions for which we did not have the time during the conference in order to make the concept of CSR more familiar to those who, due to lack of knowledge or their economic opinions, believe that this concept is not of particular importance for a society. Additionally, our aim was to put together all opinions about the positive effects of CSR for a company; and not only for a company, but for a society in general.

Another special value of the conference is the participation of numerous representatives of profitable, public and non-governmental sector from Montenegro. I have to admit that this was a big surprise for me too. When thinking about the conference after it was finished, I realized that it is about time that we put together our knowledge, energy and experience and establish a network comprising all institutions/organizations/companies which would jointly work on development of this concept in Montenegro. We can no longer have doubts that there is not enough of us and thus postponing the process of engaging in the promotion

and development of this concept in Montenegro. I believe that the conference has given the answer to this question.

However, if you still have a dilemma whether to be socially responsible or is this something really important for your institution/organization/company, I suggest you open any page of this newsletter and read interviews with our guests from the region. If after having read these interviews, your dilemmas remain, than you should think about the reasons why the representatives of companies, public institutions and NGOs from Montenegro believe that it is important to conduct socially responsible business operations. I believe that one of the effects will be revision of your current way of conducting business operations – at least, for the beginning.

I wish you enjoyable reading.

Marina Vuković

It is necessary to develop strategic framework for CSR development in Montenegro

The Regional conference “Development of Corporate Social Responsibility – examples of good practices” was held on November 2-3 in the Green Saloon of the Hotel



„Montenegro“ in Podgorica.

A key reason for organization of the conference were the following: 1.) to introduce to the representatives of companies, NGOs and public institutions in Montenegro what are the positive effects of CSR on their long-term business operations and profitability, but also to point out how important for the sustainable development of local communities is to establish intersectoral partnerships, and

2.) to improve communication and cooperation between regional NGOs dealing with philantropy and corporate social responsibility.

About 80 representatives of public, profitable and civil sector from Bosnia and Herzegovina, Macedonia, Slovenia and Montenegro attended the conference.

The first day of the conference was dedicated to the presentation of examples of good practices from countries in the region. Within the panel The Role of the State in Development of Corporate Social Responsibility, Ms Tamara Pupovac, from Serbian Ministry of labour and social policy and the President of Macedonian National Coordinating Body for CSR, Mr Goran Lazarevski, presented positive experiences of Serbia and Macedonia. Ms Nevena Radovanović from Holcim discussed about the reasons and importance of cooperation with civil sector, while Ms Jelena Kamenko from the Network of Volunteer Centres from Osijek presented the situation in the field of corporative voluntarism in Croatia by giving specific examples. Ms Marina Vukovic from the Center for Development of Non-governmental Organizations (CRNVO) from Podgorica talked about current situation and challenges in the process of establishing and improving cooperation between business sector and NGOs in Montenegro.

Special theme of the conference were CSR Business Networks – UN Global Compact, UNIDO CSR Regional

Network and Business Leaders Forum in Croatia.

Within the last panel Human Rights, Environmental Protection and CSR, the participants had a chance to get familiar with specific principles of implementation of CSR thanks to the representatives of companies from Macedonia and Slovenia (EVN Macedonia, FARMAHEM Macedonia, AJM ltd. Novo Mesto), while Mr Aleš Kranjc Kuslan from Slovenian NGO Ekvilib talked about current certificates in the field of labour rights.



CONCLUSIONS OF THE CONFERENCE

For further development of the concept of corporate social responsibility (CSR) in Montenegro, it is necessary to:

- form intersectoral working group for preparation of the strategic document for development of CSR in Montenegro, using examples of good practices from the region (Macedonia, Serbia, Bosnia and Herzegovina, Croatia and Slovenia);
 - stimulate the culture of philanthropy and CSR among the representatives of business sector by amending the Law on legal persons income tax (defined in the Strategy for Cooperation between the Government of Montenegro and NGOs) and other relevant acts;
 - define national criteria for the corporate social responsibility;
 - enable comprehensive inclusion of CSR in the educational process, and especially in the curricula of institutions for higher education (universities) from the field of economy, law and public administration, including post-graduate studies in the field of economy;
- stimulate cooperation between public institutions, NGOs, academies, labour unions, employers' organizations, business entities and business associations in promoting CSR;
- conduct public campaigns for citizens, consumers and companies about the meaning of CSR, its scope, benefits of CSR and benefits from implementation

- of its principles;
- encourage the inclusion of CSR in visions and missions of companies;
- organize trainings on corporate social responsibility for the representatives of business sector and non-governmental organizations;
- organize trainings for the representatives of business sector on CSR strategies and reporting;
- promote the use of internationally accepted guidelines for the preparation of CSR reports for companies;
- organize trainings for the representatives of media on corporate social responsibility;
- raise awareness of representatives of non-governmental organizations and media about the possibilities of strengthening financial sustainability through cooperation with business sector;
- create a data base of enterprises which possess certificates for implementation of standards in the field of CSR;
- create a data base on examples of good CSR practices from companies in Montenegro;
- inform representatives of business sector and non-governmental organizations about possibilities for participation in existing CSR business networks in the EU and worldwide,
- inform general public about CSR news in Montenegro on daily basis;
- work on preparation, printing and publication of informative and educational materials about the concept of CSR.



The second day of the conference was dedicated to the meeting of the representatives from non-governmental sector in Montenegro and countries from the region in order to discuss on the initiative for establishing a regional network of CSR NGOs. The representatives of business networks and Macedonian National Coordinating Body for Development of CSR also attended this meeting. The working group which will work on the preparation of the Statute of the Network in the following period was also established on the meeting.



An interview with Mr Goran Lazarevski, the President of the Macedonian National Coordinating Body on CSR

A state must contribute to the development of the CSR concept

➤ Mr Lazarevski, as we all know there are various definitions of the Corporate Social Responsibility or CSR. Still, is there a definition of CSR that you particularly like to use?

Of course. According to me, the definition of CSR should be simplified by saying that companies consist of people and the only thing they need to do in order to be socially responsible is to behave in the same way the owners, managers and other employees behave at home, with their families, neighbours and other people around them. In our private lives we all take care of our close environment and consider possible consequences of our actions on the environment. Therefore, it is quite logical that we should behave in that same way in our business lives as well.

If I, as a private person, carelessly dispose garbage, do not respect the rights of my family and neighbours, engage myself in criminal activities and socialise with criminals, I am going to be, sooner or latter, ostracised by the people in my surroundings, no one will want to cooperate with me, nor buy my products. The same happens to the companies acting in this way. This is why I believe that the Corporate Social Responsibility (CSR) is not a matter of choice, but the way in which people conduct their overall business

operations. This is something inevitable and it is only a matter of time when all business entities will start implementing this concept as their strategy.

➤ The Regional Conference “Development of Corporate Social Responsibility – examples of good practices”, among other things, aimed to increase the level of knowledge of representatives of companies from Montenegro about the benefits of CSR on their long-term business operations. In your opinion, what are the benefits of CSR for a company?

The greatest obstacles for a successful implementation of the CSR concept are numerous prejudices existing in our society. In this sense, the Conference held in Podgorica was a great success since its focus was on increasing the level of knowledge in order to eliminate the prejudices. Indeed, the prejudices are numerous, although without right argu-

Considering its genuine interest which is to generate profit, each company should ask itself and its management – how much it would cost us, on a middle and long term basis, if we become irresponsible to the society? Every analysis will show that this cost is very high and may even cause fatal consequences for a company.

ments. This is why we should point out the benefits which companies may have.

There are numerous examples which confirm this: our companies, which are oriented towards cooperation with international, big partners, started coming to us more often and asking for assistance in preparing the annual report on CSR (CSR Report), because the international partners would break the cooperation if they do not prepare the report. Apart from this, the number of international investment funds, which require the companies to have CSR System in order to invest in them, is increasing. In addition, there is a positive advertising effect, which should not be neglected since clients make everyday decisions where to buy something or they subjectively decide whom to prefer – the one who mistreats his employees, intentionally damages the environment or the other one, the one who helps. Take yourself as an example, and you will see that it is not difficult to predict the consumers' behaviour and the



managers should be aware of that. The prices ceased to be a determinant factor a long time ago.

Apart from all the aforementioned, we have to consider employees as well: nowadays, in time of the crisis, it is very difficult to keep good employees and the salaries are not the only criteria any longer. Employees will choose a company which will provide them with security, good working conditions, social reputation and a feeling of pride to actually work there. The companies which do not take this in consideration will have to be satisfied with average and less ambitious employees which will affect the overall success.

Certainly, there are many other advantages which would require a whole series of newsletters, since the concept of CSR is in the development phase and by day it becomes more and more important for the success of companies, regardless of the industry in which they operate or their size. In fact, CSR stopped being a privilege of big and wealthy companies a long time ago, and it is now a precondition for market success of every company.

According to you, which role a state has in the development of the CSR concept? Should state be a bearer and launcher of the process or this is the role of a business sector?

All over the world and in our region as well, a business sector is sceptic when a state gets involved in business matters. State is generally a weak business entity and therefore it cannot and must not take over the role of a business sector. The weaknesses of a state in this light were confirmed in the former state federation system. However,

when talking about a state, there are two significant things we should consider.

Firstly, a state is required to provide favourable business environment and competitiveness of its companies, because that is in its interest.

In this context, a state must contribute to the development of the CSR concept and provide necessary logistics, as well as a dialogue with other subjects in a society, non-governmental sector, academic community, media, etc. The role of a state is irreplaceable in this sense, since it is the only entity having all necessary sources and instruments to accelerate and enable the development of the CSR concept, define stimulative measures and legal privileges, raise the level of knowledge and awareness in a society.

Secondly, it should not be forgotten that a business sector cannot replace a state and do its work. Business sector does not exist to solve social and other problems of a society. That is why a business sector pays taxes, and its aim is to generate profit and this is not contrary to the principles of corporate social responsibility. The manner how to gain profit is a theme of CSR and represents that fine line which makes a distinction between an unscrupulous race for profit and sustainable profitability as a result of socially responsible conduct.

Therefore, it may be concluded that the main focus of this concept must be on companies. All other subjects in the society must contribute to and assist a business sector to become successful. In this way, a state, civil sector and other entities will also benefit – they will be able to live and work in a wealthy society in which a business sector is a leader of the economic and social development.

➤ The Macedonian National Coordinating Body on CSR has been founded in 2007. Who initiated its foundation? Today, the National Coordinating Body on CSR is recognized outside Macedonia as well and may serve as an example of a good practice where actors from all areas of society are engaged in accomplishing the same goal.

The Macedonian National Coordinating Body is a result of a conclusion that corporate social responsibility is too important concept to be left behind, and that it needs an institutionalised approach, under patronage of the state and with active participation of all other subjects in the society.

The initiators of its foundation were the Government of Macedonia and our friends – UN Global Compact, USAID, Inwent from Germany, as well as academic community, employers' associations, trade unions, etc. And that is the reason why all of them, after the consensus was made, became its members and are now actively working within it.





This model is very original and represents a forum which, in the best possible way, engages the business sector, state, civil sector, academic community, media and all other interested parties, which jointly, within an honest and friendly environment, give their contribution to this, first of all, noble initiative. It is very hard to find anywhere else in Europe this kind of institutionalised framework that achieved so much for such a short period and has, at the same time, such a complex structure.

One of the positive sides, which is the most difficult to maintain, is certainly its credibility. In this sense, we concluded that it is the best if the chairman of the body is not a state official, because the fact that I am a businessman

working in one of the leading IT companies in the state provides a greater credibility to the Body in communication with business sector. Certainly, the best way to maintain your credibility is through your results. And in that field we have plenty reasons to be proud of. In these past two years, we organized about 30 various events, lectures, workshops, forums and we also participated as guests at numerous experience exchange events, conducted researches, analysis and raised knowledge about the CSR concept at a higher level.

We prepared a strategic document of our country – the National Agenda for the five year period in which we structurally defined duties for all subjects in the society and specifically for the government authorities. The National Agenda is an excellent document, which is based on a scientific approach and which is, as far as I know, the most representative document of this kind in Europe.

Certainly, this meant that we had to learn from our own mistakes, which is a much longer and harder way to achieve success and requires much more hard work and dedication, especially when your engagement is on the voluntary basis. That is the reason why I always use every opportunity to point out and thank all members of the Body on their great engagement, as well as the Government, which by supporting this concept gave a true example to others in the country.

➤ Which challenges the National Coordinating Body is currently facing in its work and which activities it is planning to undertake in the near future?

We finished a very hard two year period, which we are proud of. However, our business plan remains to be rather

ambitious: we have to prepare many workshops, publications, professional and scientific analysis, promotional events for raising awareness, campaigns, etc.

However, the most important part of our work is creating a better environment for development of CSR concept or strengthening the capacities of our administration in order to become a partner of business sector; our non-governmental sector and other subjects in the society, but also the preparation of laws which need to obtain a promotional spirit and without a tendency to dominate enable the companies to adopt CSR as a manner of business operation.

Apart from already successfully established activities, we envisaged introduction of eco-taxes, already partially done, creation of national database on CSR practices, introduction of CSR criteria at the stock market in Macedonia, legal obligation which requires that every company of a certain size, besides a financial report, has to prepare a CSR Report as well, etc.

CSR is a field which opens a whole set of duties and it is getting wider every day. That is the main challenge we are facing – to continue in the manner of all we have done so far and do even more. What makes us especially happy is that this is good for our country, but for the countries from the region as well. I am certain that the following period will bring significant improvement of economic situation and change of mentality, as well as better business environment and better society for all of us.

An Interview with Ms Jelena Kamenko, representative of the Network of volunteer centres Osijek

The benefits of corporate volunteering are multiple for enterprises



➤ Please tell us what for you represents the Corporate Social Responsibility?

This practice is widely adopted in western countries. The practice of corporate social responsibility is very diverse, and it largely depends on the contexts it is implemented in and numerous various factors such as tradition of a certain country, organizational culture of a company, etc. Therefore, I can say that this practice is not universal and it differs from country to country. Still, this concept includes several fields of work independent of the context where it is implemented in.

For me, the concept of corporate social responsibility

represents a business practice of a company in its overall functioning. The overall concept includes four basic fields of company's work: 1. Products/services it offers and company's market behaviour; 2. Environment impact; 3. Development of personnel and respect of their human and working rights; and 4. Investment into community.

The purpose of the existence of this concept is successful business of a company, which takes over full responsibility for its business, is not led only by economic interest but it tries to maintain good relations with all its consumers as well as with all those interested in business of a company.

➤ One of the aspects of the corporate social responsibility is investment into community. Corporate volunteering is one of ways of investment into the community. According to your opinion, what are the benefits that one company may have if it applies the practice of a corporate volunteering of its employees?

The benefits of corporate volunteering are multiple, for the company as well as for the employees of that company. Through corporate volunteering a company can easily recruit and retain its employees; develop human

potentials; build a team; and in that way it can develop its business culture and ethics; value work and through such kind of volunteering it can create guidelines for diversity and equal opportunities.

However, the benefits of corporate volunteering do not relate only to the companies but on their employees as well. Through corporate volunteering employees can gain some personal satisfaction; improve their skills and knowledge; contribute to team building and have chance to make acquaintances/networking; develop leadership skills and learn on basics of experience.

➤ What are the main challenges for development of corporate volunteerism in Croatia?

The key challenges with which the volunteer centres in Croatia have met with while organizing corporate volunteering are related to business, but to the non-profit sector as well.

The challenges for development of corporative volunteering regarding the business sector are:

- Poor information on possibilities of corporative volunteering;
- Underestimating or overestimating one's resources;
- Potentially poor preparation and organization by non-profit sector;
- Too high expectations by non-profit sector;
- Refusing volunteer engagement by employees of a company;
- Low quality preparation and training of employees before starting volunteering.

Challenges for development of corporative volunteering regarding business sector are:

- Lack of knowledge about corporate volunteering;
- Organizational incapacity to accept employees of a company;
- Too high expectations by the companies;
- Cooperation with inappropriate representatives of a company;

➤ Lack of understanding of the area of work of the organization by representatives of a business sector.

- **Volunteer Centre Osijek, in cooperation with companies, is preparing and organizing programmes of corporative volunteering for their employees. Do you have examples of small and medium size enterprises that you have cooperated with? If yes, please shortly describe some specific example?**

Although we mainly receive requests for corporate volunteering from larger companies, three years ago we had an example of corporative volunteering by a smaller company from Osijek, with six employees. The company in question is ORKA Ltd. (Osječka radionica radionica kvalitetnih aplikacija – Osjek's workshop of quality applications), dealing with production of software. The employees of ORKA Ltd. participated in volunteer action of a space arrangement in which Organization for therapeutic horseback riding "MOGU" is involved. The employees

donated one working day for volunteer engagement in community and assisted in arrangement of space of organization "MOGU" by painting the fence and arranging the yard. For this volunteer action they were awarded with Annual reward for contribution of business sector to development of volunteering on territory of Slavonia and Baranja for 2006, and during the same year they were awarded with annual award for volunteering of business sector.

- **For the end, which activities are planned to be implemented by Volunteer centre Osijek in area of development of corporative volunteerism for the future period?**

Besides the promotion of this concept through web and various presentations, Volunteer Centre Osijek tries to organize every year two to three volunteer actions of a business sector. In our work we rely on wide spectrum of various contacts in community with other organizations of civil society and public institutions and in that way we are informed about various needs in community, our intention is to mediate in finding volunteer engagement of employees of a company this year as well.

Lately, corporative volunteering has become a trend in the Republic of Croatia, and in previous years we have noted an increased interest of business sector for volunteer engagement of their employees.

Therefore, we have developed a programme through which we intermedate between the needs in community and business sector every year. sektora.



An Interview with Ms Isidora Orlović, Secretary of UN Global Compact (UN GC) in Serbia

Learning from the experiences of others is one of the greatest advantages of membership in UN GC

➤ The UN Global Compact in Serbia has existed since December 2007. The National Bank of Serbia and the UNDP make the Secretariat network. What does it mean?

The Global Compact in Serbia was started on a joint initiative of the UNDP in Serbia and the National Bank of Serbia. At the promotion of the Global Compact Initiative in December, 2007, the first nine members joined this voluntary initiative. The Secretariat, from its very establishment, was run by the National Bank of Serbia and the UNDP and in July 2008 at the joint meeting of all members of the Global Compact, when the principles and the organizational structure of management were adopted and the Board of Directors elected it was agreed that the Global Compact Secretariat in the future would be led by the National Bank of Serbia with support of the UNDP.



➤ What are the key reasons for the inclusion of the National Bank of Serbia in initiating the establishment of the Global Compact network in Serbia? Has the National Bank of Serbia been involved in the implementation of certain activities in the field of corporate social responsibility in Serbia earlier and which?

Initiating the establishment of this initiative and performing the duties of the Global Compact Secretariat was a logical continuation of the activities that the National Bank of Serbia has already applied „at home“.

Besides its basic, legally defined goal of “achieving and maintaining price stability“ the backbone of the strategy of corporate social responsibility of the National Bank of Serbia are the activities that are aimed at achieving the vision of a positive impact on the working, social and natural environment of the National Bank of Serbia, with the maximum involvement of its employees making activities in the field of social responsibility become part

of our daily operations.

Activities in the field of corporate social responsibility were until 2007 focused primarily on the care of the employees who through continuous training in the country and abroad, continuous improvement of working conditions and many other benefits, had excellent conditions for achieving above average results, but over the past two years, these activities have extended outside the NBS and have been focused on community care and environmental protection. On this occasion I would accentuate that the importance the National Bank of Serbia puts on corporate social responsibility is reflected through the systematization of operations which provides that a group of colleagues work on the enhancement of this particular area. In accordance with this, many activities are carefully planned and systematically organized and they reflect both the responsibility towards employees and the responsibility towards the society and environment.

An open and direct communication with the widest community, through the activities of the Centre for Protection of Users of Financial Services, Call Centre and Visitors' Centre exceptional results in informing and

educating the population have been achieved. The NBS has opened its doors to the citizens and cultural needs of the city, has participated in solving humanitarian and other problems of the society and provided support to the development of its cultural, historical and other values. A national campaign to promote children dinar savings named "Save to Win" has been launched; for the purpose of developing and strengthening the awareness of this important social purpose, and encouraging interest in it.

The NBS is the recipient of special recognition, „Virtus“ for our contribution to institutional philanthropy and corporate social responsibility, for dedicated and continuous work in this area thanks to implementation of many socially beneficial actions such as "Savings Caravan", launching of the UN Global Compact in our country and an excellent example it gives to other banks at our market, thus making the domestic banking sector one of the leaders in social responsibility and helping the community.

➤ **Why is it, in your opinion, important for a company to be a member of the UN Global Compact National Network? What are the benefits of membership?**

Benefits of membership in the Global Compact are multiple. We must recall that the Global Compact worldwide is an initiative which includes more than 5300 companies from over 130 countries, therefore, it is an initiative highly recognized worldwide. The members of the Global Compact are, by the very incorporating in their business the ten principles relating to the protection of human and labour rights, environmental protection and

fight against corruption, confirmed that the principles of corporate social responsibility is deeply rooted in their business strategy.

Exchange of experience, transfer of knowledge and learning from the experience of others are the greatest advantages of membership in the Global Compact. Using the experience of other participants in this initiative, members can implement their ideas find partners easier, faster and better.

➤ **Are there clearly defined criteria for membership in the UN Global Compact network in Serbia, followed by the appropriate membership procedure? Do the same principles apply to national networks in other countries?**

The criteria for membership in the Global Compact are clearly defined and identical for all countries. To become a member of the Global Compact it is required to send an email to the Global Compact Office in New York in which we commit ourselves to including the ten universal principles of the Global Compact in our operations. After applying for membership, the Office, after consultation with local partners, confirms the acceptance in the Global Compact. Member companies have an obligation to prepare and submit The Progress Report (Report on Corporate Social Responsibility) within a year, which is published on the Global Compact website.

➤ **Which activities is the UN Global Compact in Serbia planning to implement in the future?**

In November this year the first Annual Assembly of the Global Compact in Serbia was held in the National Bank of Serbia. Besides the Report for 2009, The Board of Directors and Chairpersons of the working groups presented the work plan for the next year. As it has been so far, the Board will seek to direct the work of the Global Compact and create the conditions for improvement of the network. The main impetus of all activities will be the support to member states in implementing the ten principles of the Global Compact. The Board will particularly work on promoting the ten principles of the Global Compact with emphasis on the principles relating to the protection of labour rights, expansion of membership and support to more active participation of individual members, organization of thematic seminars and workshops, supporting the work of existing and establishment of new working groups, supporting members in preparing the first Reports on Progress, as well as, a complete formalization of the network through the establishment of a business association. ■



Interview with Ms Mirjana Matešić, President of the Croatian Council for Sustainable Development

CSR is a tool companies use to contribute to sustainable development



- **Ms Matešić, we know that there are many definitions of corporate social responsibility. However, is there any you would particularly like to mention?**

Not particularly, although what we place special emphasis on in corporate social responsibility is a company's

approach to decision making which is based not only on financial/economic factors but also on social factors and the impact of its activities on the environment. In practise, it means that CSR must be integrated in business strategies of a company and that business decisions directed both towards the existing activities and towards planning of the future ones are based on responsibility for the consequences of such activities not only from the economic aspect but also from the social and environmental protection aspects.

- **Sustainable development is the focus of the activities of the Croatian Business Council for Sustainable Development you are the leader of. Very often among expert circles can we hear that corporate social responsibility is means for achieving sustainable development. What is your definition of the relationship between corporate social responsibility and sustainable development?**

Sustainable development is a vision we aspire to realize at a global level. It means a continuous development of human population (not necessarily accompanied by its increase) which will enable a dignified life for everybody while using both renewable and non-renewable resources in a

sustainable way. This is a cycle which can be compared to matter cycle in nature where the detritus derived in one process enters another as an input/raw material; everything is processed and returned to the beginning of a (new) cycle. Such a cycle, which is completely closed, is not possible in a company because it uses resources and as a result has a product and certain matter emission, as well as waste. This is why a company cannot achieve sustainability on its own.

What a company can do is contribute to achieving sustainability at a state or a global level or at least approaching it. In order to give its contribution to global sustainability, a company practises corporate social responsibility, that is, does what it can, taking into account its specific conditions.

That is why your observation that CSR is a tool companies use to contribute to sustainable development is accurate. In practice, it can mean a contribution to reducing energy and resource consumption by better production process planning, using alternative energy resources or less detrimental materials, creating products with less

environmental burden by using eco–design or other methods of planning and developing production, activities aimed at reducing emission or waste processing so as to transform it into an acceptable raw material in other processes. Naturally, it also means an economic contribution as well as the contribution to an overall social development through investment in employees' education, community development and a range of other activities. In such a way a company becomes an important element in the closed cycle sustainability that was mentioned at the beginning.

It should be emphasized that production companies are not the only companies able to create their products/services in a responsible way. Banks also can actuate a cycle of investments into sustainable practices through their investment criteria; service industries such as tourism by proper management can make a significant contribution both to environment protection and social values development towards sustainable development.

➤ **One of the goals of the regional conference “Development of Corporate Social Responsibility - - Examples of Good Practice” was raising awareness level among companies' representatives with regards to the positive impacts of CSR on their long term business activities. What are, in your opinion, the key**

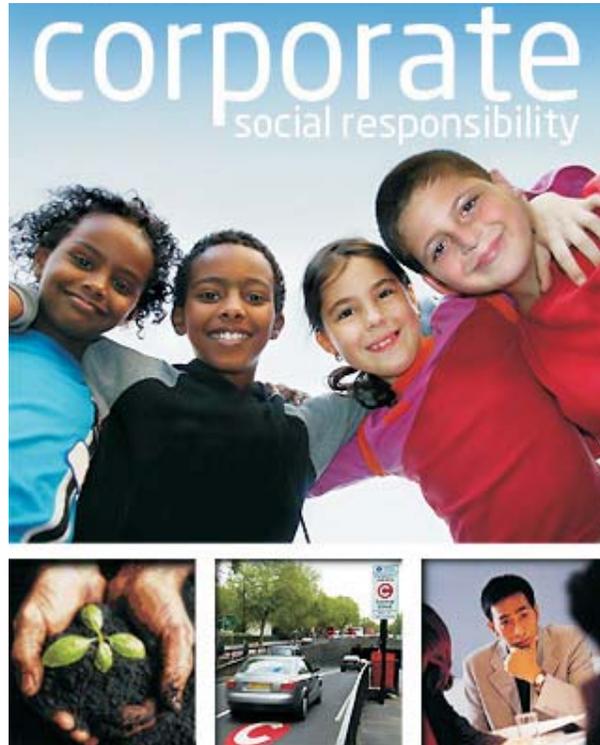
positive effects of corporate social responsibility?

The issue of proving that CSR is not expenditure as it is usually concluded represents the greatest challenge for us and we tried to touch upon it at the conference. Companies generally perceive CSR as something good for their reputation and as a public relations tool and make minimum investments in it, that is not more than necessary to create a good PR story. So very often it all boils down to what we call a declarative CSR. The aim of the conference was to attempt to show, through examples, that investment in CSR is actually prudent business planning, or - in other words - risk management and, therefore, has multiple benefits for the safety of operations and long-term competitiveness. If when making a decision you take into consideration all possible social damages as well as those related to environmental protection, and try to remove these negative consequences at the very beginning, it will certainly reduce the possibility of negative public reaction, penalties for environmental pollution and the like.

That is why CSR is a profitable investment. Although the problem of these benefits being difficult to measure remains, this is a long-term return investment project. In times when success in business is measured by short term financial indicators, such benefits are often not included in the balance. For example, if you have, due to timely decision changes, prevented the company from exposure to large fines or consumer resistance, this will not be represented as profit by financial indicators.

Another increasingly important part of CSR is investment in education and satisfaction of employees who are becoming all the more important factor in company competitiveness. The highest quality workforce is attracted and retained by those who have a good employer reputation. On the other hand, it will be difficult to retain a quality





work force in a company that does not adequately reward its employees or has a reputation for being high polluters. The global data reveal that a growing share of the value of companies on the stock market (up to 80%) is based on intangible assets. This means that it is not crucial for a company to possess real estate, technology or resources as it used to be, but it is more important for it to possess intangible assets, that is, a brand and quality work force to develop the brand. On the other hand, bad business decisions, which damage the value of a brand, can jeopardize the market position of companies as well.

➤ **Croatian Business Council for Sustainable Development brings together over 40 companies which are actively seeking to develop ways that will enable the establishment of a balance between business success, social welfare and environmental protection. What are the key challenges you are currently facing in your work?**

The key challenges we face are exactly how to educate and connect all sectors of society in a joint action for the promotion of CSR. The business sector cannot manage it alone and even the efforts of those who are veterans in the area, if they do not get encouragement for their activities, may result in material fatigue. We promote various mechanisms important for CSR to stop being an exclusive privilege of the largest and richest and become something that is absolutely necessary to any successful enterprise. The state with its regulations plays a major role here. By this I do not mean that socially responsible activities should be prescribed by law, since CSR is not about a mere respecting the law, but about upgrading, which means

investment into activities beyond those prescribed by the law. First of all, this can be done by establishing a more favourable status of the responsible through various tax relief criteria, then a very important tool that is used widely in the EU is correcting the criteria of public procurement in a way that those who are socially responsible and have, for example, an environmentally preferable product, employ members of disadvantaged groups or simply pay their employees better, have advantage during competition for public procurement.

Such criteria would force many companies to consider development of CSR in their communities. And, of course, the state has great possibilities in promoting, educating and popularisation of CSR through communication with citizens who are an important part of the whole story, because, in the end, by opting for the products of those who are socially responsible their market advantage over the irresponsible competition is directly emphasized, and it is the most tangible and direct reward that a company can get for its responsibility. This - to call it, "credit card voting" - is a very powerful tool for directing the company towards CSR. There are lots of examples of how ordinary consumers, by boycotting certain products, forced large international corporations to change their behaviour, but due to limited space, I will not cite them here.

And when the importance of CSR is clear enough to the business sector and citizens/consumers are sufficiently aware of their responsibilities and power in directing companies towards CSR, it will not be difficult to choose the best among the many examples of good practice ■

Interview with Ms Marjana Shushlevska, FARMAHEM Macedonia

CSR and sustainable development are complement concepts



- **FARMAHEM is a private company dealing with trade and consultation services and it has 30 employees. You have won several important awards for corporate social responsibility. For the beginning, which are the key benefits of corporate social responsibility for a small and medium size enterprise according to you?**

First of all, it is the image of the company, especially in the initial phase of introducing the CSR concept in business operations after the race for generating more profit and creating a place on the market, which was the characteristic of the company's business operations during the transition process. Additionally, the experience of FARMAHEM shows that the awards received for corporate social responsibility are an advantage in the process of evaluation of technical

offers at tenders where the competence of the company to provide the required services is also assessed. Certainly, one of the key advantages are motivated employees working in the company, which besides its achievements in the field of economy gives a special attention to the social situation of the employees, as well as to the environmental protection.

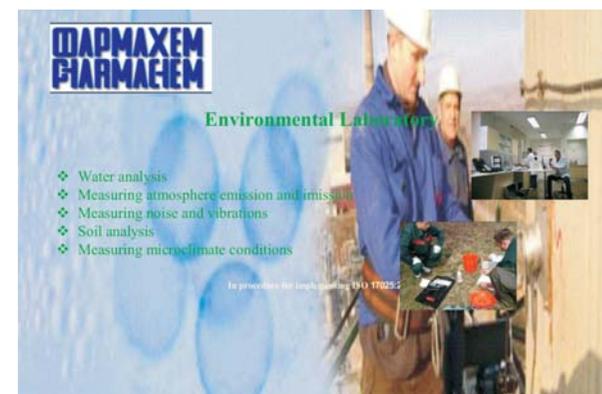
- **At the Regional Conference you presented the activities of FARMAHEM related to environment. According to you, what does it mean to be socially responsible to the environment?**

To be socially responsible to the environment is the imperative of every company which has the vision of sustainability for business operations. The environment is a common treasure. We do not have an alternate planet. If this fact becomes a part of the way a management thinks and conducts a company, that company will have a future. If not, than that company will be doomed to failure either due to spent resources or legal reasons.

In my opinion, to be socially responsible to the environment means to reduce the impact of business operations on the

environment and to undertake compensatory measures in order to make up for the harm done to the environment.

- **The Regional Conference "Development of Corporate Social Responsibility – examples of good practices" pointed out to the lack of confidence between business and civil sector. The Environmental Consultancy Department within FARMAHEM has a successful cooperation with NGOs dealing with ecology and protection of environment. From your company's point of view, why is the cooperation with NGOs important?**





The cooperation with NGOs working in the field of ecology and environmental protection is important because of the “symbiosis” characteristic this cooperation possesses. Common interest of both companies and NGOs is accomplishing the joint goal – to protect the environment by raising the level of public awareness in the community. Business sector can help NGOs by transferring the knowledge and providing professional approach in solving the problems and certainly, by providing financial support in project implementation. NGOs human resources and their experience in implementation of public campaigns are valuable to the companies. FARMAHEM has a long cooperation with NGOs in Macedonia and they represent an important partner in implementation of projects in the field of environmental protection.

➤ **Could you tell us something about current and planned activities of FARMAHEM in the field of environmental protection?**

Current activity of FARMAHEM is cooperation with an NGO from Skoplje. It is a project which is in its final phase

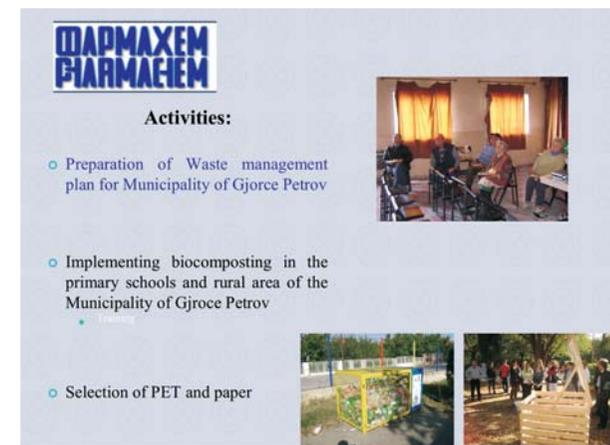
and which we presented at the Regional Conference held in Podgorica last month. FARMAHEM participates in this project with the professional capacity of the Environmental Consultancy Department in implementing the project of the NGO from Skoplje related to sustainable waste management in the Municipality of Gjorče Petrov, where is the seat of FARMAHEM. This represents our company's contribution to the local community by offering and providing our knowledge and experience in solving the



problem of waste management. Specifically, the FARMAHEM's team has prepared a plan and programme for communal waste management in the municipality and conducted trainings in schools and households in rural areas of the municipality on treating biodegradable waste and producing compost. Future plans of FARMAHEM are the activities on “making the business green” for their clients by raising the awareness on protection and improvement of environment among the management of the companies which cooperate on commercial projects with FARMAHEM.

➤ **And for the end of the interview, how would you define the relation between CSR and sustainable development?**

If I may use biological terminology to express myself, since I am a biologist by profession, than this relation, in my opinion, is a relation of complementarities, a term used in genetics to describe interaction between two genes in two chromosomes and this interaction determines quantitative characteristic of an organism. This means that these two concepts are the same (they are based on the balance among three main pillars: economic, social and environmental aspects) and they complement each other. Additionally, CSR is related to companies and sustainable development is related to social communities, while the interaction between them represents the key for sustainability and survival of a company, local community and finally, for the survival of the planet.



Responsibility towards people is the basis of every responsibility

Ekvilib
Inštitut

*Interview with Mr Aleš Kranjc Kuslan,
director of NGO Institute Ekvilib*



➤ **Please tell us what for you represents concept of CSR.**

CSR should be first of all the way of corporate management. It should be part of core business of the company. CSR is defined (as it is stated in Eu White paper on CSR) as a concept whereby companies integrate social and environmental concerns in their businesses and interactions with stakeholders on voluntary basis. But on the other hand this voluntary basis should not be concerned as philanthropy or charity but as the principle “to do things right and to do the right things”.

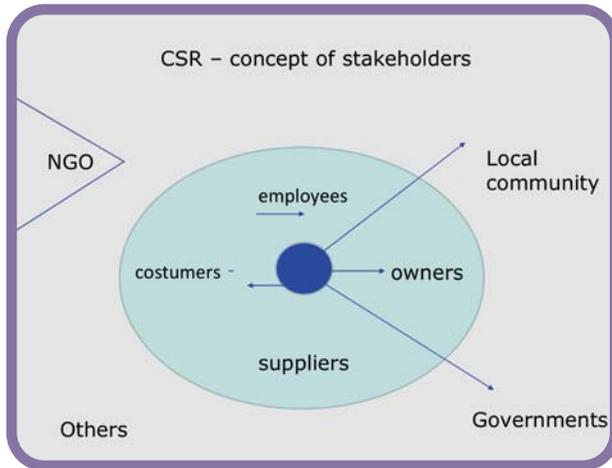
➤ **Very often, concept of CSR is treated as equal with the corporate philanthropy. In that sense, internal dimension of CSR, which includes labour rights is not be analysed enough. From your point of view, what means to be social responsibility towards employees?**

Responsibility towards employees means that company see and treat employees not just a working power and costs but as a humans with all their human rights and rights to private life.

**Družini
prijazno
podjetje**

**Family Friendly
Enterprise Certificate**

➤ At the regional conference “ Development of Corporate Social Responsibility- examples of good practice”, you told that if enterprise is not responsible towards employees, we can not talk about its corporate social responsibility. Can you explain more detailed reasons of this opinion?



Well, let me put this way — how can a company declare itself as environmental friendly company and at the same time it is human unfriendly company. Responsibility towards humans, people is the basis of every responsibility. And the closest humans or people the company is responsible to are their workers, employees. And if this first step is irresponsible how can all the

further steps be responsible? So that's why I always stress that CSR starts inside the company with employees – and if this is not the case than CSR is just a marketing and PR and nothing more.

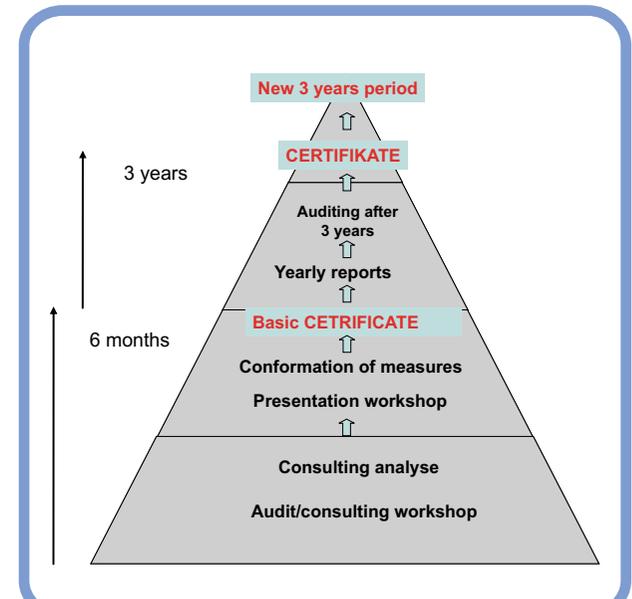
➤ One of the main projects your organization is currently working is the process of certification of the companies with “ Family Friendly Certificate”. It is important to note that the certification methodology is such that it encourages continuous improvement of existing conditions into organization. Until now, 50 enterprises got this certificate. Which are the main reasons for companies to enter into the process of certification?

First of all – companies which received certificate have right understanding what CSR is and they are aware that CSR starts at employees. So Certificate is CSR tool for them.

But at the same time it is also a management tool for better management because it has concrete positive impact on business results – better productivity, less absence, lower employee turnover, to name just some . And of course not to forget – better reputation in society – towards customers and partners. So as you can see the reasons why gain the certificate can be different but at the end the result must be the same – better work- life balance for employees and better business results for the company. Any other outcome is not good and not sustainable.

➤ And for the end of interview, do you perceive some threats and challenges in the process of CSR development towards labour rights and which?

I don't know if I understand this question correctly. There cannot be any disagreement between CSR and rights of employees. They go hand in hand. CSR should go always beyond employee's rights and then some good CSR practice can be adopted as part of employee's normative rights. And the process should be never ending story because there is always space for improvement – in CSR and in employee's rights or human rights in general.



They told about CSR...

A huge number of Montenegrin participants from business, public and civil sector attended the regional conference. Because of importance of their perception of the concept of CSR, we asked them two questions:

- 1) According to you, what means to be a socially responsible company?
- 2) Which are the benefits of CSR for a company?

Please, read carefully their answers.



➤ **Gordana Stajčić, Head of the Office of Tax Administration Director, in charge of Public Relations**

1. A socially responsible company is every legal entity which observes law regulations, especially those referring to tax rules, timely submits its tax return forms and fulfils its tax obligations. This includes, among other things, active cooperation and communication with tax authority for which we are always ready and on which, as well as on our overall transparency, every tax payer can be informed via web site: www.poreskauprava.tax.gov.me or by phone: 19707.

2. As for the taxes, the benefits of a socially responsible company are numerous. First of all, by being accurate, a company builds a mutual relation of professional confidence, provides modern conditions for its overall business operations, does not expose itself to unpleasant situations such as paying fines, forced collection or blockage of the account, and gives a good example to other tax payers and finally, it contributes to the regular budget flow which is in compliance with the Tax Administration slogan: "By paying your taxes, you invest in Montenegro."

➤ **Bojana Čabarkapa, Montenegro Business Alliance (MBA)**

1. Corporate social responsibility represents a concept where a company consciously puts aside regular activities and dedicates itself to the activities which have a positive effect on the environment, employees and overall society.



2. First of all, the benefits for a company are the creation of a positive image and raise of awareness of both their beneficiaries and citizens. In some cases, the benefits of CSR may be also reflected in tax reliefs given by the state or similar.

➤ **Nataša Šćepanović, Podgoricka banka Societe General Group**

"CSR means the development of an environmental-friendly company, which also observes fundamental human and social rights."

„Through various activities of responsible management and employees, the CSR has a direct impact on the environment and development of a society.“

➤ **Milovan Đurović, Coca Cola Hellenic Montenegro**

1. For the Coca Cola Hellenic Montenegro, the Corporate Social Responsibility (CSR) means that we conduct our business operations with responsibility. Our company was among the first to introduce the CSR, as well as the cooperation with and care for the local community and thus it has opened the CSR development path for other companies as well.

Our projects have already become traditional, we are engaging more partners from both government institutions and non-governmental sector, as well as the media, students and business associations. We are developing the community, we grow and change together.

“The Day of Good Will”, the partnership with the National Parks of Montenegro on the project „Youth – the Future of our Parks”, as well as the partnership with the Students' Parliament of the University of Montenegro on the project „Summer Job“, are only some of our projects which made us recognizable in public and among partners as a company which cares about the environmental protection, invests in professional development of young people, but also helps vulnerable groups not only through sponsorships and donations, but also through projects which actively include them in life of the community.

2. Only if we conduct our business operations as a socially responsible company, we will secure our long-term success. By doing so, we make our company more competitive, more prepared for risk management, more innovative, more capable to cut its expenses, as well as to maintain good reputation and build cooperation with all associates and partners.

In order to show that we are really serious about this, we introduced this kind of business operations as binding in the Code of conduct from which these rules are transferred to company's policies and standards. CSR goals are a part of our company's business goals, but they are also a part of goals of all our managers and employees.

CSR has become an imperative of development and a part of a serious and responsible business operations. We will

continue to improve old and develop new projects and thus continue our cooperation with and taking care of the community in which we conduct our business operations.

➤ **Vesna Bojanović, CEED Consulting**

Corporate Social Responsibility is a voluntarily accepted concept, which includes business operations conducted in



compliance with market principles and with taking care of interests of all interested parties. This means that a company, apart from being profit oriented in the process of developing and implementing its business strategies, also takes into account the needs of local and broader community, meets the conditions of environmental protection and takes care of interest of its employees, shareholders and other interested parties.

Benefits of CSR for companies are numerous. Implementation of this concept has an amazing impact on the development of a company's image, and if we consider the fact that today, in general, about 30-70% of a company's capital value is associated to the value of that company's brand, than it is possible to imply how strong the effect of CSR really is. Furthermore, socially responsible business operations provide sustainable development of companies and a higher standard of social community.

➤ **Igor Majer, Elco team**

1. A socially responsible company is a company which understands the needs of its employees, local community in which it conducts business operations and also has a developed awareness on the importance of contributing to the environmental protection. Every company has a different attitude on this issue, but that does not mean that only one of them is the right one. Quite the opposite. And that is why today there is a certain number of socially responsible companies in Montenegro which expressed their social responsibility in a completely different ways.

2. The benefits of CSR are numerous. Starting from the satisfaction of employees and local community, as well as recognition of a company as being socially responsible on both local and national level. Such companies advance and develop much faster, so we hope that soon this will become a trend in Montenegro as well. Of course, that depends on raising the awareness of the citizens about the corporate social responsibility.

➤ **Jelena Zečević, Mtel Ltd. Montenegro**

1. A socially responsible company is primarily a company like ours, which pays taxes and contributions to the state, takes care of work protection of its employees, provides 24 hours a day insurance for its employees, takes care of the conditions in which its employees perform their everyday duties and for that purpose, provides necessary protective equipment, such as cloths and shoes, provides help to the employees in the case of death or serious illness of their family members, takes special care of pregnant women, etc. Actually, these are all obligations stipulated by positive legal regulations, but we are all witnesses that companies, as well as public institutions, do not apply the said regulations.

2. As for the benefits, a company in this way provides a security for itself that it will not be punished for violating some of the said obligations. In this way, the satisfaction of the employees to work in these companies is ensured and this can only contribute to better business results.

□ **Slobodan Kalezić, Red Cross of Montenegro**

1. A socially responsible company is a company which is not only profit oriented, but it is also oriented towards

accomplishing social goals and interests, since it represents a part of the society to which it is responsible. Companies must be responsible for the impact which their operations have on the environment and general public and they have to bind themselves to act ethically and to contribute to economic development, as well as to improve quality of life of employees, consumers, local community and overall society. **CSR also represents the awareness on position which companies have in a society and their responsibilities, but it also envisages a specified system of values in conducting their business. By conducting business operations for public interest, the companies may give support to some non-profitable organizations dealing with needs and issues important to the social community.** Specifically, the Red Cross of Montenegro may serve as an example of social responsibility from the aspect of contributing to the public interest and conducting activities for the support of social community in prevention of problems in all areas of life and situations which may cause human pain and suffering.

2. A primary aim of every company is to generate profit, and CSR contributes to the achievement of a company's competitive advantage by strengthening its positive image and brand, which leads to a better acceptance and more confidence of a community where a company conducts its business operations. By being socially responsible, a company will probably get the support from other interested parties and partners, and CSR sometimes gives an opportunity of getting tax reliefs which are important to a company. If a company has the ambitions to broaden its work on the international level, the social responsibility will contribute to the strengthening of its competitive

advantage, since the social responsibility is a global trend, but also one of the standards which are required from a company. Finally, even those who represent the management of the company are members of the society and community and are concerned for its problems and willing to get involved in finding solutions.

As an example, I would like to mention the Red Cross of Montenegro, which, not so long ago in the time of economic crises and sanctions in our country, represented a responsible and reliable partner to international community, and as such, it was both receiver and distributor of continuous support and humanitarian aid from international donors.

