



**CORPORATE  
SOCIAL  
RESPONSIBILITY  
REPORT**



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## INTRODUCTION

EUROCHAMBRES, the Association of European Chambers of Commerce and Industry, launched the Chambers towards Acquis Support and business Ethics (CASE) project in November 2007, as part of the European Union (EU) 2006 Business Support Programme for Bulgaria, Romania, Croatia and Turkey.

The introduction of a Corporate and Social Responsibility (CSR) strategy was among the main tasks to be developed in the framework of the above-mentioned project. Such activity consisted in: providing information, raising awareness on the importance of CSR and delivering tailor-made strategies to the participating companies related to the implementation of CSR activities.

A step-by step approach was followed:

- Selection and recruitment of 19 Chamber executives in total from the beneficiary countries (plus 2 from the former Yugoslav Republic of Macedonia),
- 2-day training provided by EU experts on CSR issues and best practices to the selected local Chamber executives,
- Information campaign and recruitment of 125 companies interested in participating in the CSR exercise,
- Visits carried out by local Chamber experts: discussion and completion of the CSR questionnaires with the company general managers,
- Preparation and delivery by local Chamber expert of a CSR strategy to the participating company.

Below is the list of Chambers that participated in the CSR and business ethic promotion component:

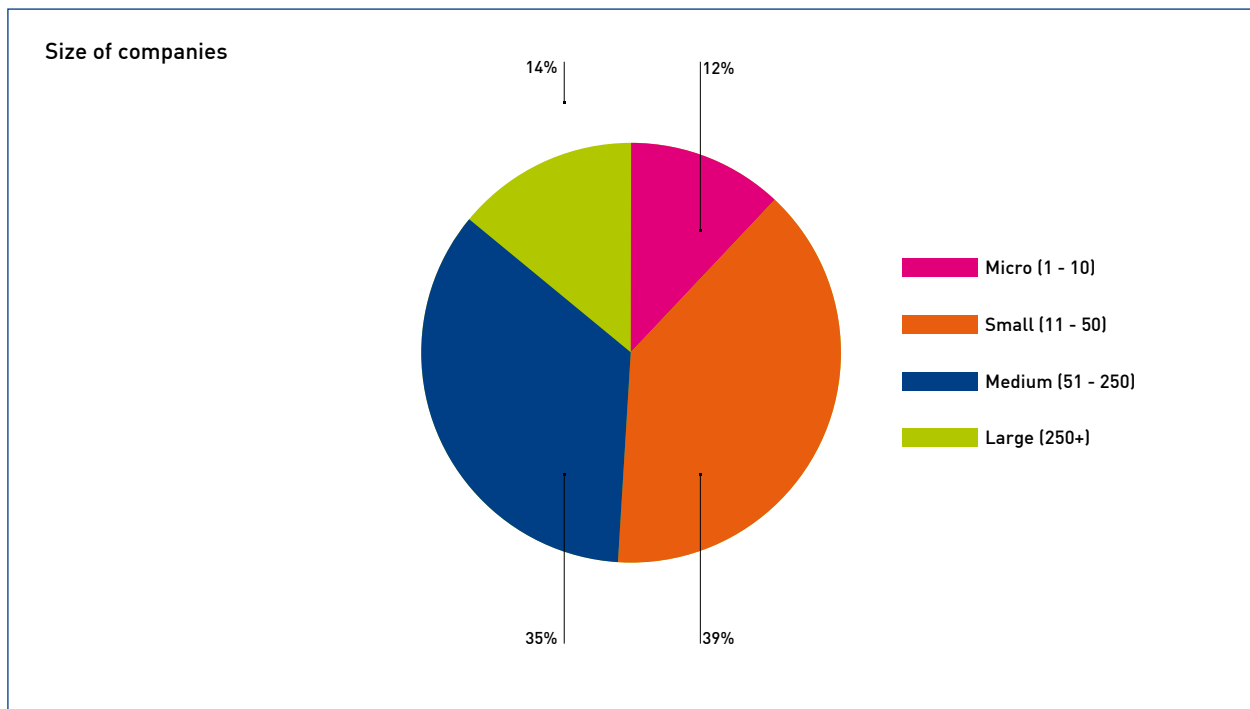
- Ruse Chamber of Commerce and Industry, Bulgaria
- Vratsa Chamber of Commerce and Industry, Bulgaria
- Croatian Chamber of Economy- Koprivnica County Chamber, Croatia
- Croatian Chamber of Economy- Rijeka County Chamber, Croatia
- Croatian Chamber of Economy- Varaždin County Chamber, Croatia
- Croatian Chamber of Economy- Zagreb Chamber, Croatia
- Croatian Chamber of Economy, Croatia
- Constanta Chamber of Commerce, Industry, Shipping and Agriculture, Romania
- Sibiu Chamber of Commerce, Industry and Agriculture, Romania
- Chamber of Commerce and Industry of Romania, Romania
- Brasov Chamber of Commerce and Industry, Romania
- Antalya Chamber of Commerce and Industry, Turkey
- Mersin Chamber of Commerce and Industry, Turkey
- Bursa Chamber of Commerce and Industry, Turkey
- Aegan Region Chamber of Industry Turkey
- Istanbul Chamber of Industry, Turkey
- Sakarya Chamber of Commerce and Industry, Turkey
- Gazantiep Chamber of Commerce, Turkey
- Samsun Chamber of Commerce and Industry, Turkey

## COMPANIES PROFILE

Enterprises that volunteered for the CSR were geographically divided as follows:

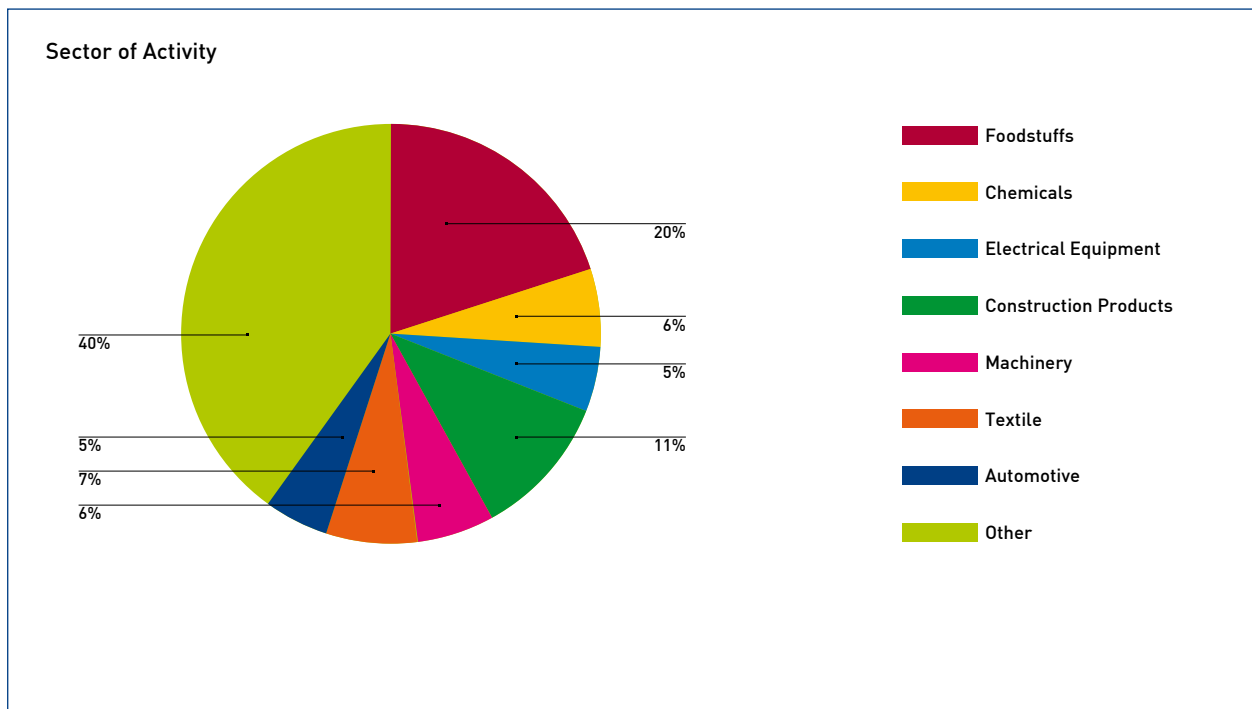
- 12 from Bulgaria
- 33 from Croatia
- 32 from Romania
- 48 from Turkey

The vast majority (86%) of participating companies were small and medium-sized enterprises (SMEs), thus reflecting the backbone of the European economy, while 14% of them were large enterprises.



Among them, the foodstuffs sector was the most represented (20%). The remaining sectors (chemicals, electrical equipment, construction products, machinery, textile and automotive) were more or less equally represented.

Foodstuffs producing companies were predominant in Turkey. In Croatia and Bulgaria most participating companies operated in the construction sector. In Romania, both construction and foodstuffs were equally predominant sectors.





## QUESTIONNAIRES RESULTS

A simple questionnaire was developed by the EU experts as a series of questions designed to assess the level of development of certain social and responsible activities in five main areas:

- 1** - Responsible Leadership
- 2** - Responsible Strategy
- 3** - Responsible Management of Human Resources
- 4** - Responsible Management of Partnerships
- 5** - Responsible Management of Products/Services Operations and Marketing

On the basis of the evaluations carried out by the local Chamber experts who discussed the questionnaire with the enterprises top managers, two main findings can be reported.

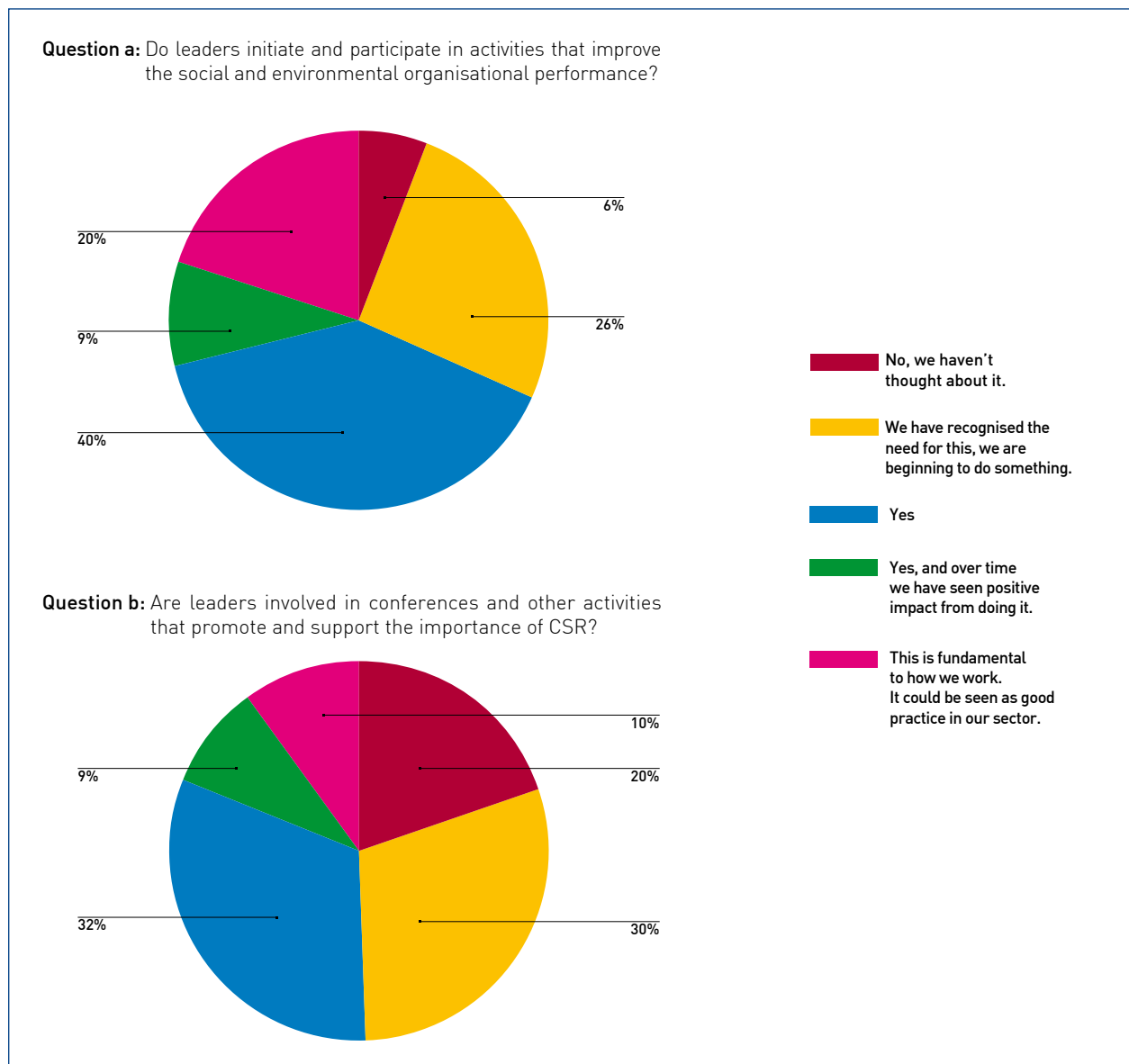
First, it emerged that most participating companies were aware of the importance of CSR-related issues in their activities, including the relationship with different stakeholders, and a few of them already dealt with some socially responsible activities.

Second, with regards to the country-specific data, Croatian companies, followed by the ones in Turkey and then Romania and Bulgaria, appeared to be most involved in CSR-related activities.

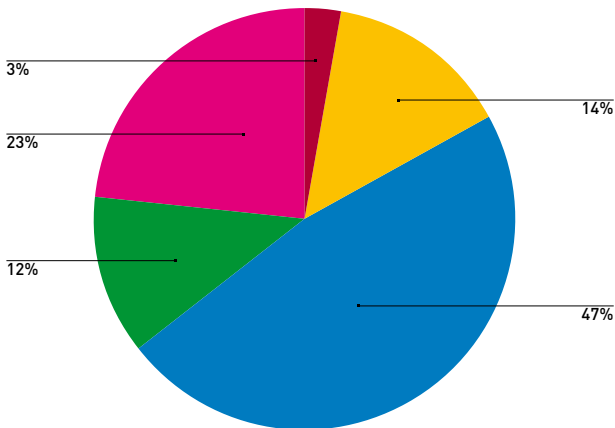
# 1 - Responsible Leadership

Most company leaders expressed their interest in activities improving the social and organisational performance of their business.

Among the four beneficiary countries, Croatia topped the list with 30% of its participating companies considering such activities as fundamental to their business.

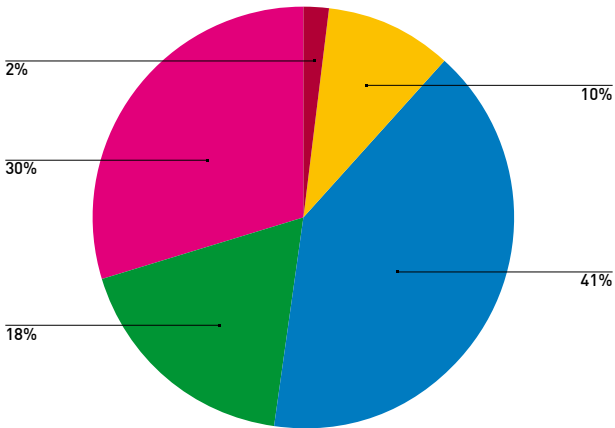


**Question c:** Do leaders demonstrate respect for the needs of local community and the environment?



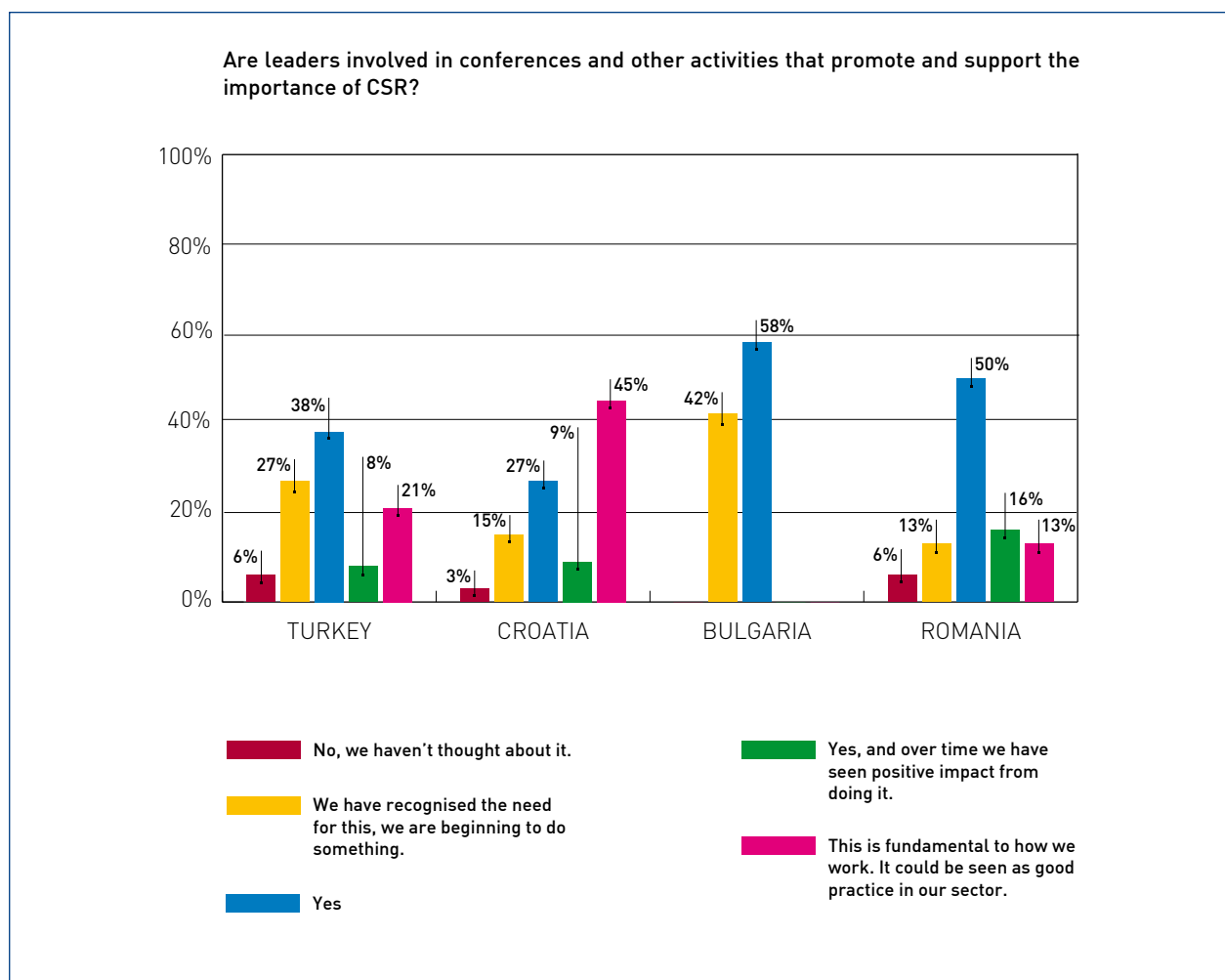
- No, we haven't thought about it.
- We have recognised the need for this, we are beginning to do something.
- Yes
- Yes, and over time we have seen positive impact from doing it.
- This is fundamental to how we work. It could be seen as good practice in our sector.

**Question d:** Do leaders interact with customers, partners, communities and other stakeholders in order to respond to their current and future needs?

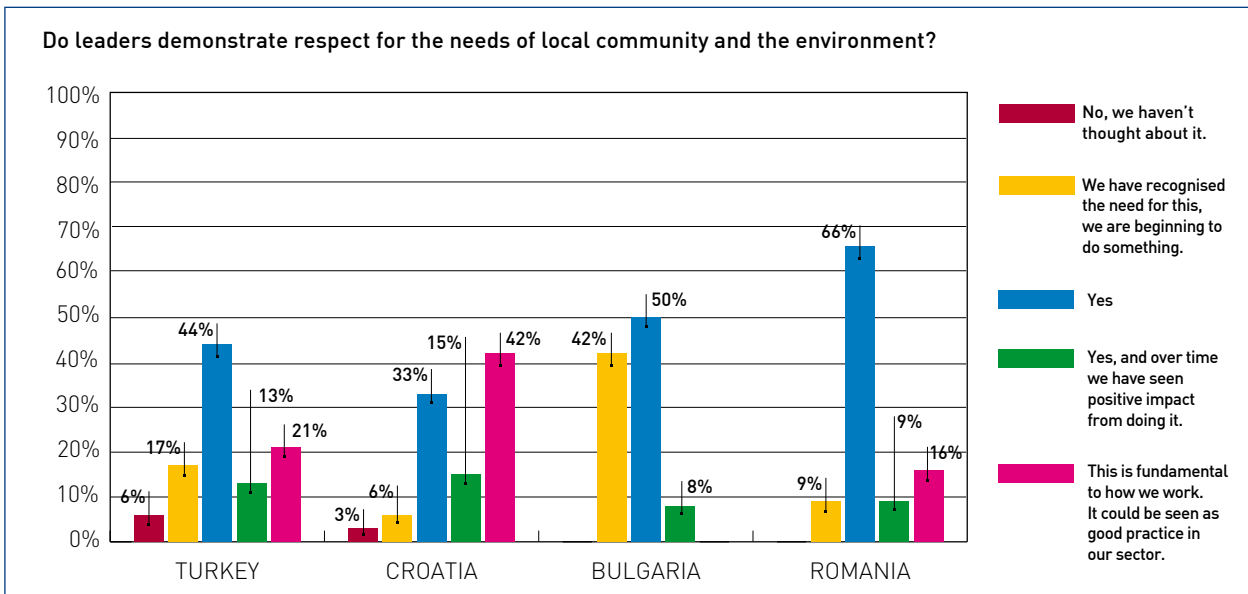


Generally, company leaders claimed to be involved in conferences and similar activities promoting CSR.

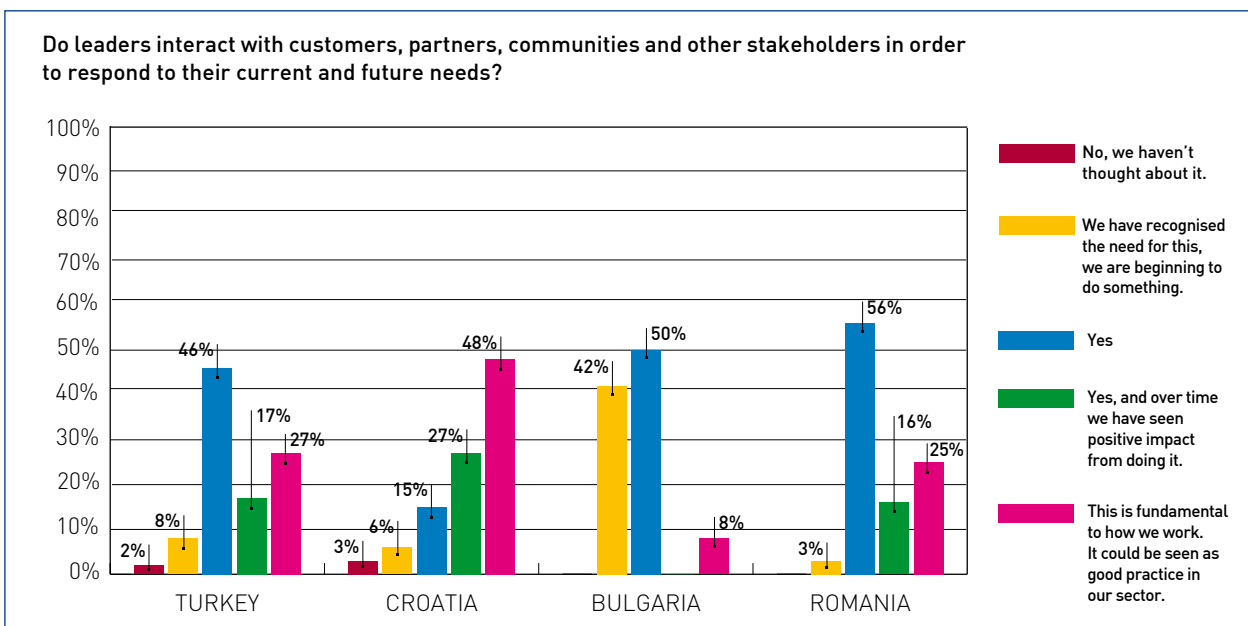
Interestingly, though, in the most recent EU Member States results were not leading: for instance, 42% of the Bulgarian company leaders said they had never been involved in the above-mentioned activities.



Company leaders in all beneficiary countries showed also a high interest in respecting the needs of the local community and the environment. In Croatia, as many as 42% of them considered this as fundamental to their activities.



Again in Croatia there seems to be a higher involvement of company leaders in creating interactions with the different categories of stakeholders compared to the other beneficiary countries.



## 2 - Responsible Strategy

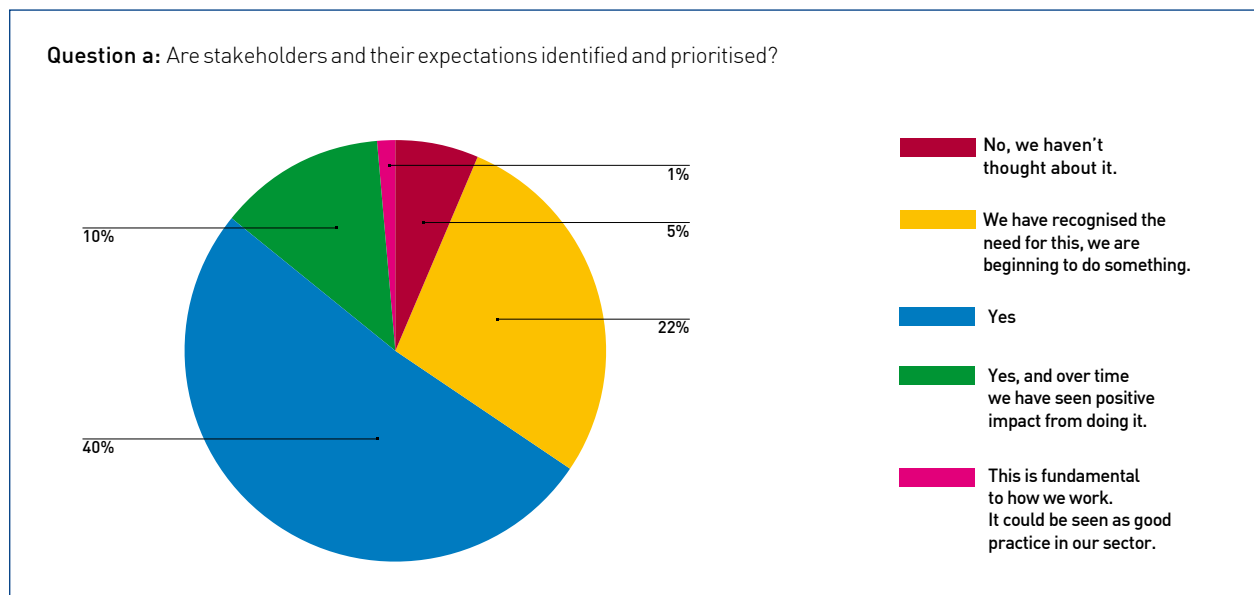
Overall, company leaders in the participating countries were aware of the importance of identifying the relevant stakeholders.

The identification and prioritization of stakeholders' expectations was considered an essential element of the company activities by as many as 45% of Croatian entrepreneurs. In Romania too results seemed quite positive with only 6 % of company leaders claiming not having done anything in this field.

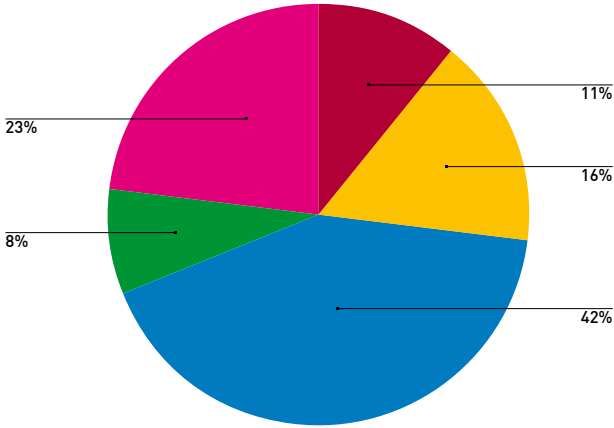
In Bulgaria and Turkey the situation seemed different. Despite the fact that the simple majority of company representatives claimed to be doing something on the subject, the remaining ones have either just started considering it (in Bulgaria) or, to a small percentage, even never considered it (in Turkey).

Preventing bribery and corruption was considered fundamental to the activities of a company in primis in Croatia, followed by Turkey.

Entrepreneurs in all beneficiary countries witnessed a positive trend with regards to the bribery and corruption prevention internal policy.

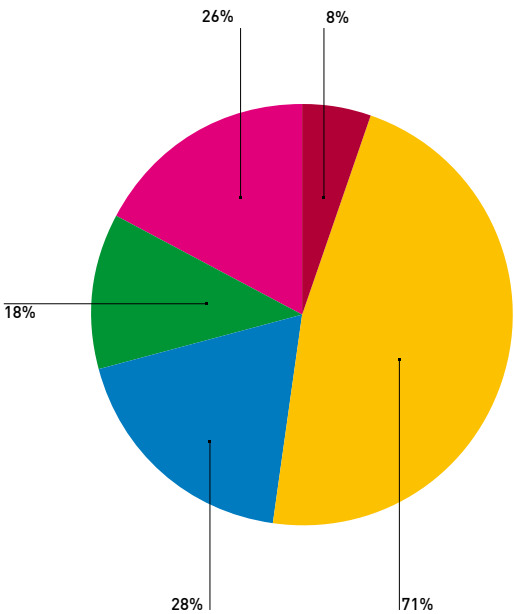


**Question b:** Does the organisation have a policy for preventing bribery and corruption?



- No, we haven't thought about it.
- We have recognised the need for this, we are beginning to do something.
- Yes
- Yes, and over time we have seen positive impact from doing it.
- This is fundamental to how we work. It could be seen as good practice in our sector.

**Question c:** Has the organisation identified Performance Indicators (KPIs) and perception measures that reflect the strategy in issues such as Health and Safety, employee satisfaction etc?

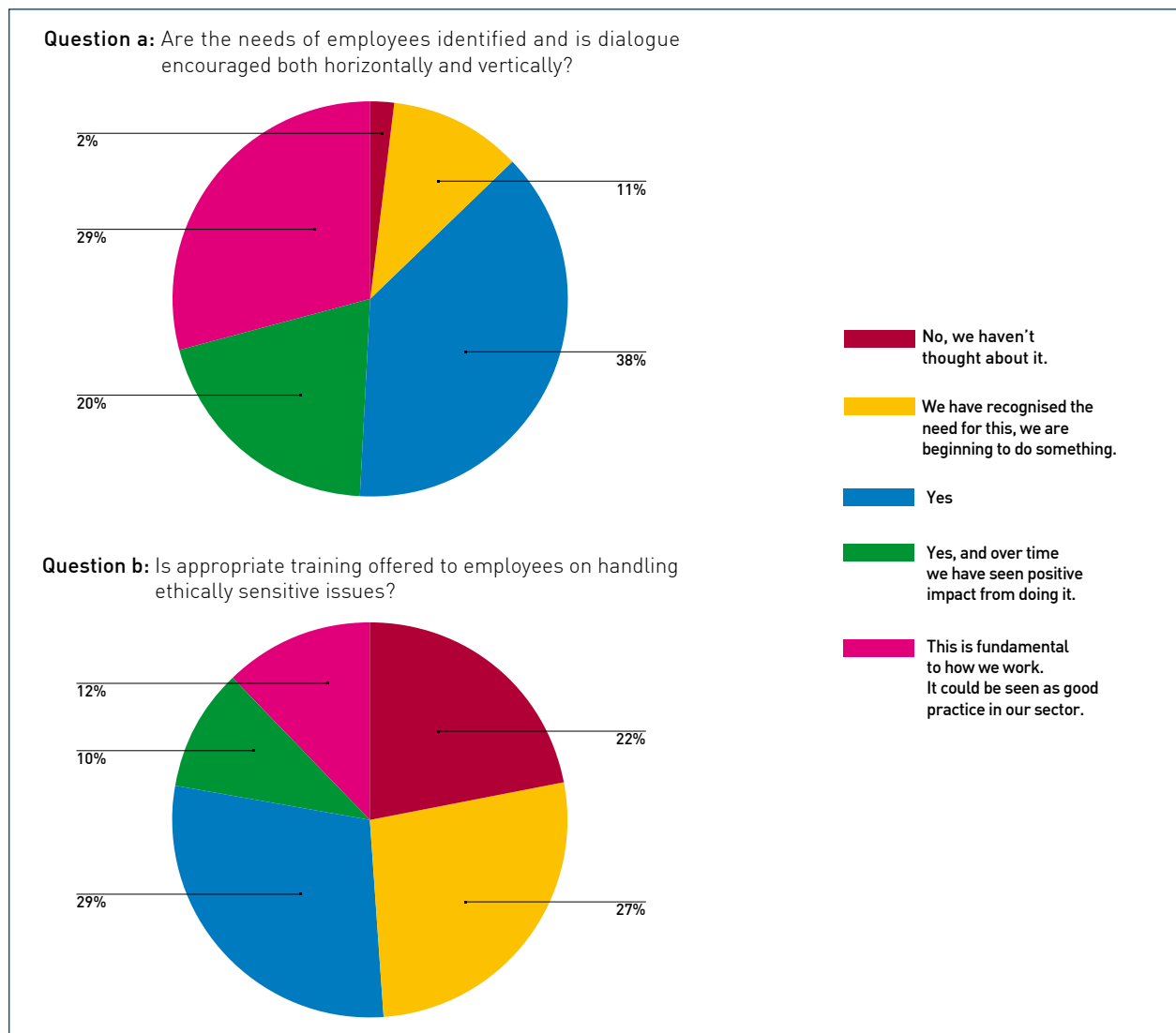


### 3 - Responsible Management of Human Resources

Most company representatives in all countries claimed that they identified the needs of and encouraged dialogue with the employees.

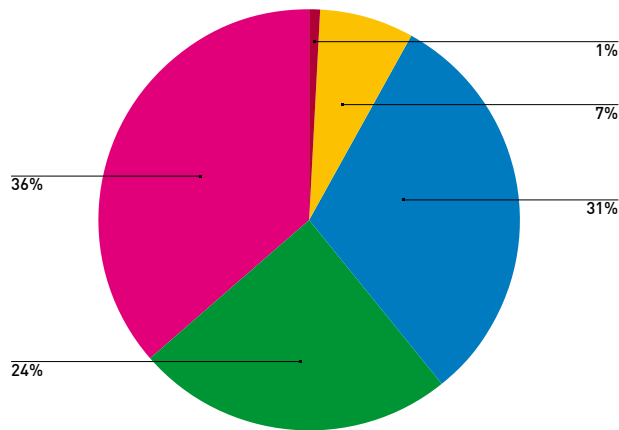
Croatia topped the list with 67% of its participating companies considering this an essential practice.

The issue of staff training on CSR showed average results. The percentage of companies which did not offer any training to employees on ethically sensitive issues goes from 15% in Croatia to 34% in Romania. However, in all the beneficiary countries the share of companies which offered this kind of activities does not go below 17 %.

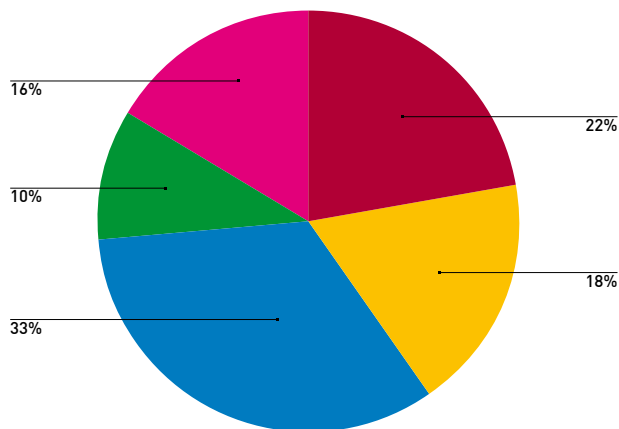


There seemed to be a clear awareness, promotion and involvement in health and safety issues in all the beneficiary countries, particularly in Croatia, Romania and Turkey where respectively 52%, 38% and 33% of the participating company representatives considered this practice essential to their working methods.

**Question c:** Is awareness and involvement in health safety and security issues promoted?

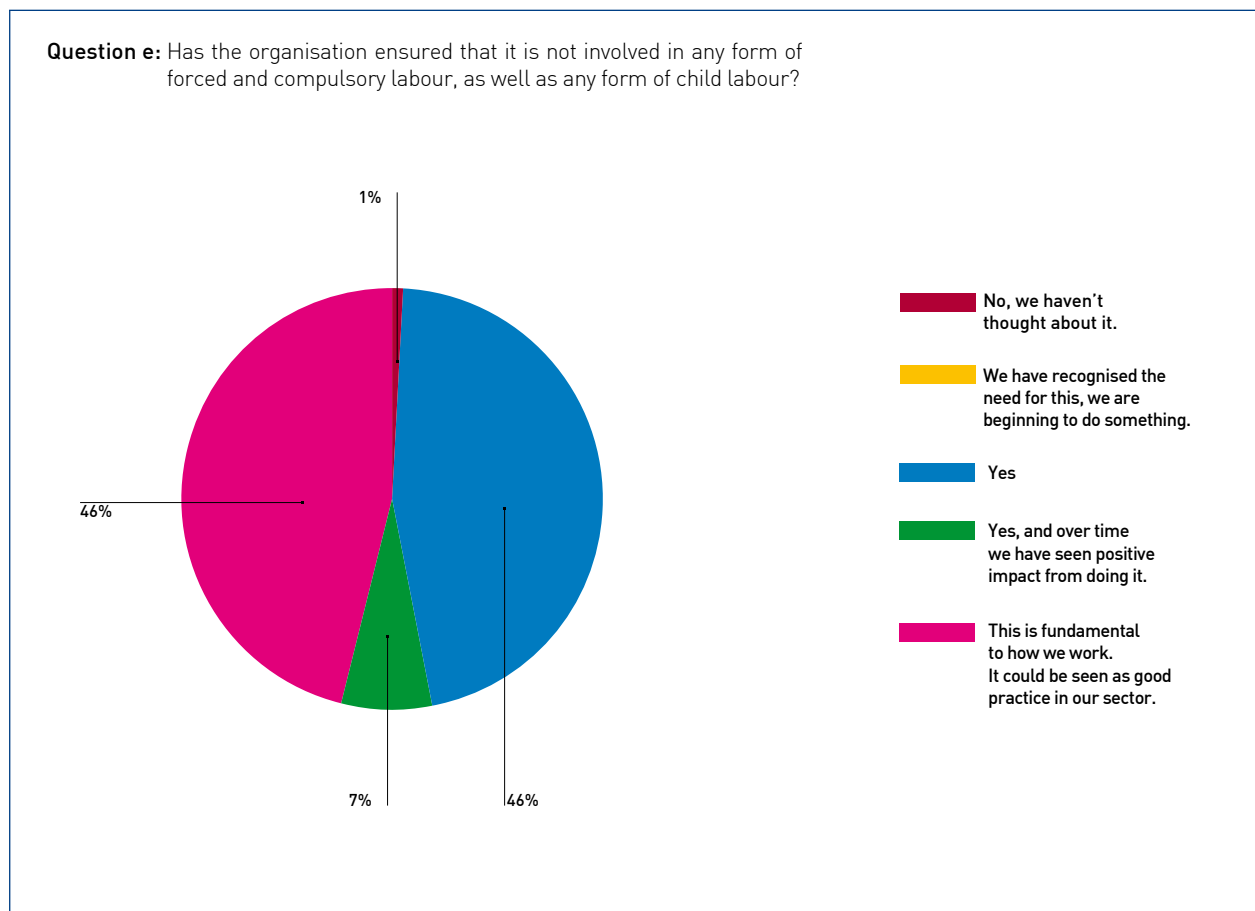


**Question d:** Are prevention programmes and monitoring systems provided in order to ensure that the organisation is not complicit in the abuse of human rights?



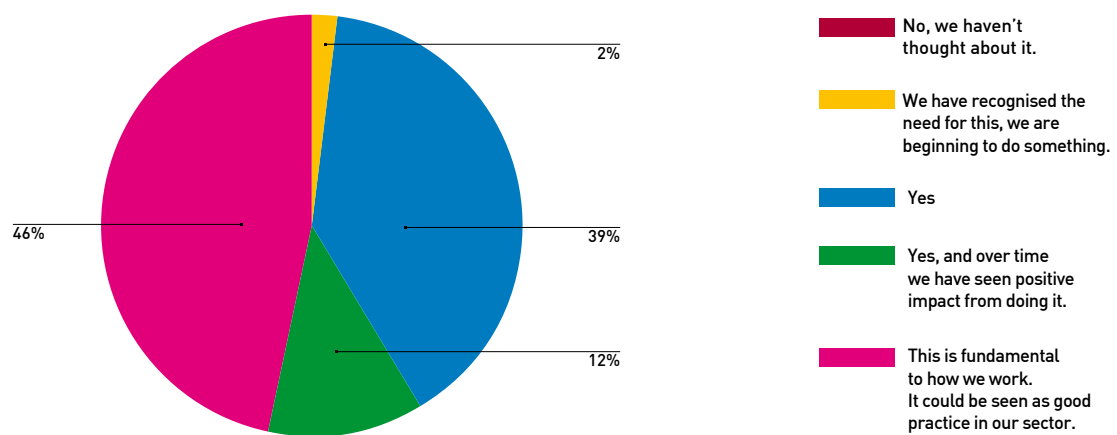
- No, we haven't thought about it.
- We have recognised the need for this, we are beginning to do something.
- Yes
- Yes, and over time we have seen positive impact from doing it.
- This is fundamental to how we work. It could be seen as good practice in our sector.

In all the beneficiary countries a sizeable majority of company representatives ensured that their company was not involved in any form of compulsory or child labour. Only in Turkey 2% of the participating companies answered that they had not even thought about this issue.



In general, labour legislation appeared to be fully met in most of the companies that participated in the exercise.

**Question f:** Does the organisation ensure that labour legislation is fully met?

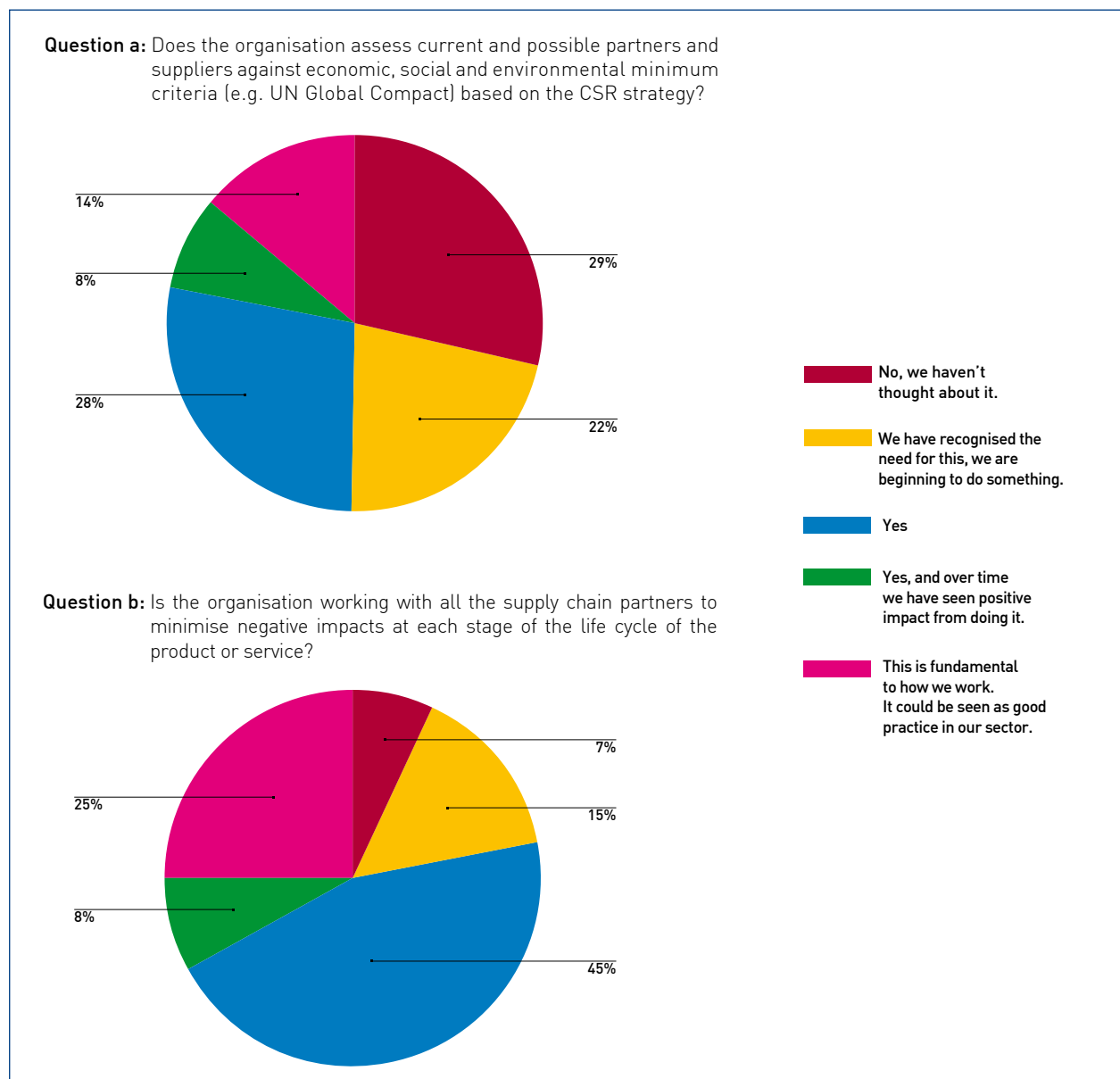


## 4 - Responsible Management of Partnerships

Overall, companies in the beneficiary countries considered the collaboration with all the supply chain partners as bringing positive results.

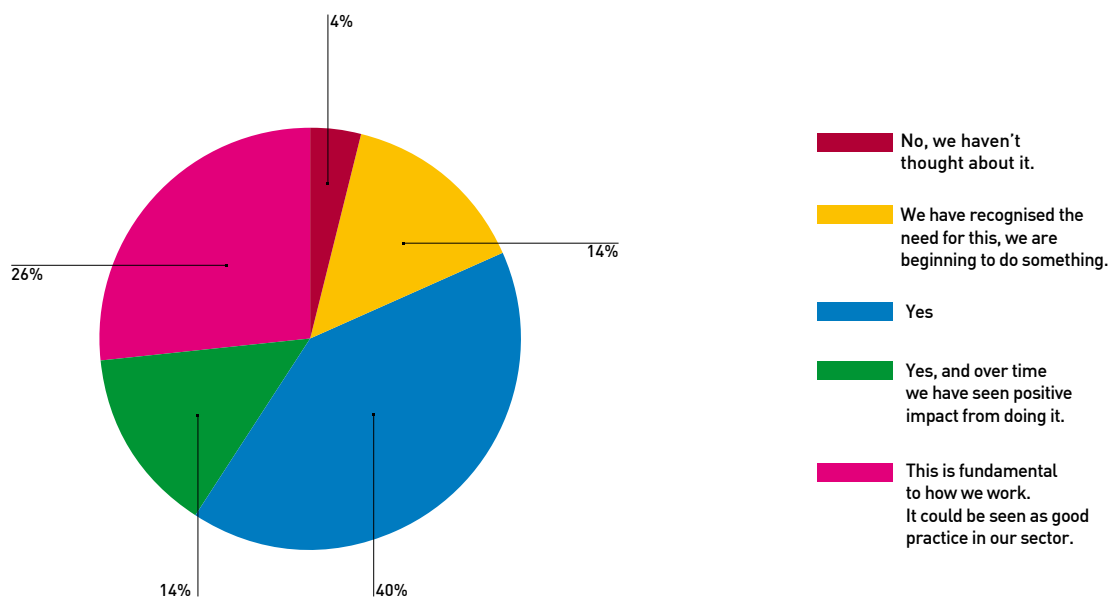
Moreover in Romania, Turkey and Croatia a considerable percentage of company representatives claimed that this was essential to their work.

The assessment of stakeholders against CSR-based criteria emerged as fundamental for respectively 18 %, 15% and 13% of Croatian, Turkish and Romanian companies. In Bulgaria a sizeable majority (67%) of companies seemed aware about the necessity to do something in this field.



Croatian entrepreneurs scored the highest in optimising the consumption of material and resources with 45% of them not only being involved but also treating this activity as an essential one. Turkey, Bulgaria and Romania, where respectively 48%, 58% and 44% of the companies were engaged in these activities, also showed a high interest in this practice.

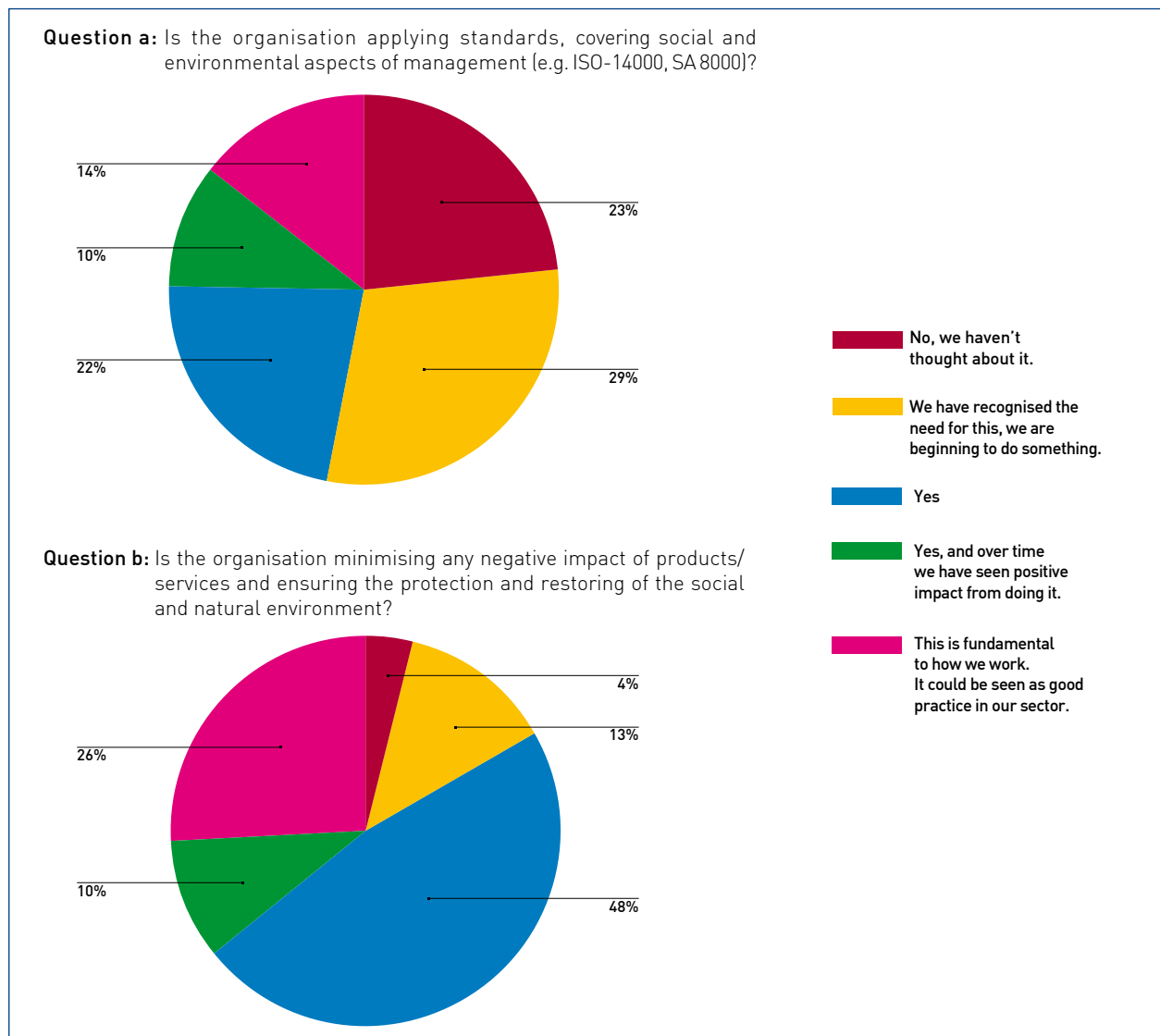
**Question c:** Is the organisation optimising the consumption of materials and resources, by increasing efficiency, using renewable sources, recycling and reducing waste?



## 5 - Responsible Management of Products/Services Operations and Marketing

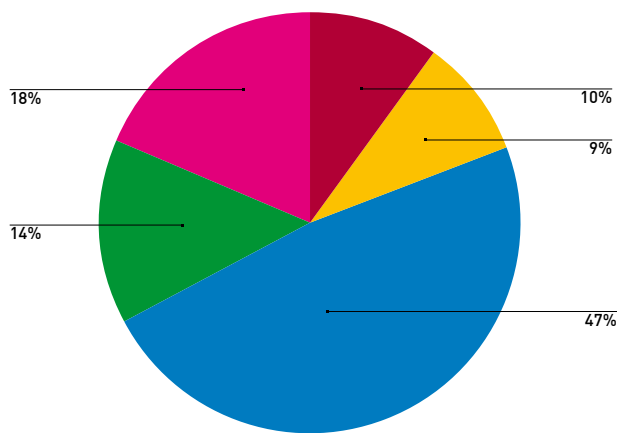
The application of standards covering social and environment aspects remains an area for improvement. In the beneficiary countries the percentage of companies not applying them goes from 19% in Turkey to 33% in Croatia.

Notwithstanding this, companies seemed to have an interest in minimising the negative impact of their activities on environment and protecting the social and natural environment.



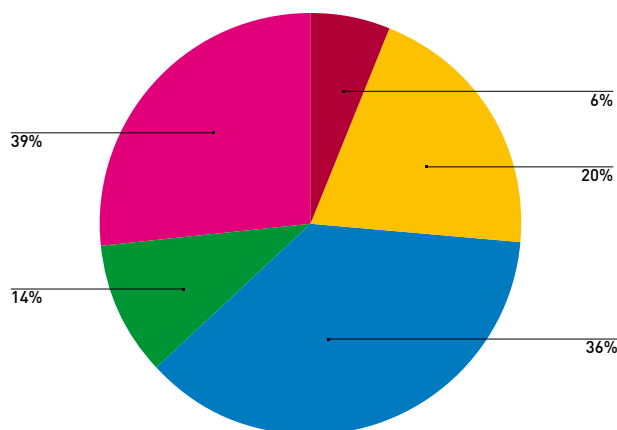
In the area of transportation usage, Croatian companies seemed to be the most engaged with 30% of their entrepreneurs considering it as a very important practice.

**Question c:** Is the organisation optimising transportation usage, keeping pollution (e.g. CO<sub>2</sub> emissions) as low as possible?

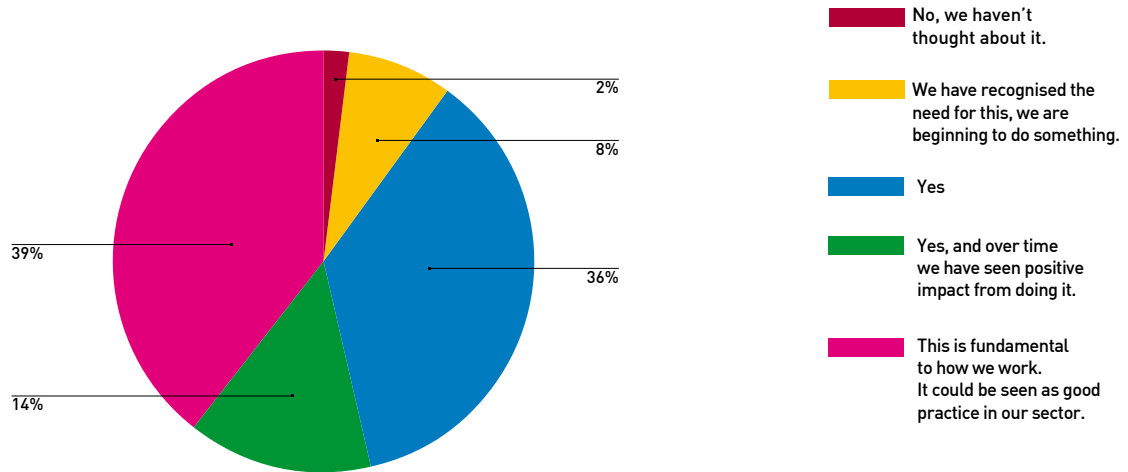


- No, we haven't thought about it.
- We have recognised the need for this, we are beginning to do something.
- Yes
- Yes, and over time we have seen positive impact from doing it.
- This is fundamental to how we work. It could be seen as good practice in our sector.

**Question d:** Is the organisation advising stakeholders on the responsible use of products to prevent or minimise any adverse impacts to the environment?



**Question e:** Is the organisation ensuring a responsible communication of products or services to customers?





## TAILOR-MADE STRATEGIES: A FEW EXAMPLES

The strategies prepared by the local Chamber experts and delivered to the participating companies covered the following three areas: Workplace, Environment and Society.

Several company leaders claimed that the implementation of the proposed CSR actions would be delayed even though the relevance of the strategy remained. The current global economic crisis and the subsequent lack of financial and human resources were the main reasons justifying such delay.

Some entrepreneurs, instead, started to implement measures foreseen in their CSR strategy or committed themselves to do so. The concrete cases presented hereafter show some promising step forward.

### RESPONSIBILITY IN THE WORK PLACE

#### Case 1 - Company producing in the foodstuffs sector - Zagreb, Croatia

##### The tailor-made CSR strategy consisted in:

- Adopting a new management system and performance indicators through the implementation of the ISO 9001<sup>1</sup> (quality management system) standard and the introduction of additional performance indicators such as employee satisfaction, and health and safety at work.
- Improving the relations with the employees and enhancing the quality of the work environment. In particular, the measures proposed consisted in building better and closer human relations including team-building activities, organisation of “family days” (employees and their families get together once or twice a year and spend quality time together, doing sports and leisure activities), payment of the employees’ medical examinations.
- Creating an official document for the adoption and implementation of CSR principles in the company’s business activities.
- Organising employee training and education on CSR.

##### The company decided to:

- Implement the ISO 9001 standard.
- Cover the costs of the medical examinations for the employees that are often taking place to the company’s sector of activity.
- Work on a CSR statement, which will probably be incorporated into its quality policy within the frame of the ISO 9001 system.

<sup>1</sup> International Organization for Standardization standard for providing assurance about the ability to satisfy quality requirements and to enhance customer satisfaction in supplier-customer relationships.

## **RESPONSIBILITY IN THE WORK PLACE**

### **Case 2 - Company producing Thermasiphon and Solar Water Heating Systems - Sakarya, Turkey**

**The proposed CSR strategy mainly consisted in:**

- Providing the employees with the maximum level of security in the workplace.

**The company decided to:**

- Offer a private life insurance to the staff working on the roofs and dangerous sites in addition to the compulsory health insurance. As a result, the level of satisfaction of the workers has been increased thus creating a better working climate.

## **RESPONSIBILITY TOWARDS THE ENVIRONMENT**

### **Case 1 - Company producing in the construction products sector- Ruse, Bulgaria**

(The company is producing polymer concrete, drain shafts, different kinds of fasteners, products of solid surface which are resource and energy-consuming).

**The tailor-made CSR strategy chiefly consisted in:**

- Developing within the company an Eco-efficient production through the participation in eco-audits.

**The company expressed his interest in developing the measures proposed:**

- To work according to eco-efficient production standards.
- To be one of the volunteers taking part in a project of Ruse Chamber of Commerce and Industry aiming at eco-mapping and resource loss audits for performance improvement.

## **RESPONSIBILITY TOWARDS THE ENVIRONMENT**

### **Case 2 - Company working on the maintenance and repair of motor vehicles - Constanta, Romania**

**The CSR strategy consisted in the following environment related measures in 2009:**

- The implementation of a staff training on environmental issues.
- The participation in a national campaign "Blood for life" and a local campaign for "more green" – nature protection.

**The company already implemented some parts of the action plan by:**

- Selecting providers on ecologic criteria.
- Using efficiently materials, water and power.
- Monitoring materials and water consumption.
- Reducing power consumption for company cars and equipment, waste.
- Using new technologies.



## **RESPONSIBILITY TOWARDS THE LOCAL COMMUNITY**

### **Case 1 - Company producing diagnostics equipment for water and food industry- Croatian Chamber of Economy**

**The proposed strategy dealt with the contribution to the local community by:**

- Offering facilities for local activities.
- Giving scholarships and technical practice to students.
- Participating in voluntary activities.

**Some actions already achieved:**

- The company is currently investing in the development of the local retirement home.

## **RESPONSIBILITY TOWARDS THE LOCAL COMMUNITY**

### **Case 2 - Company producing in the construction products sector- Brasov, Romania**

**The action plan entitled “Socially Responsible Business Practices” consisted in:**

- Implementing working methods contributing to the community welfare and the environment protection on a voluntary basis.
- Promoting these voluntary initiatives as a corporate commitment.

**Some preliminary positive results:**

- The company has already started the labelling process and the creation of brochures on certain devices, in order to offer more detailed and comprehensive information to its customers.
- The corporate clients and distributors were very satisfied. Some brochures have been already drafted for some devices.

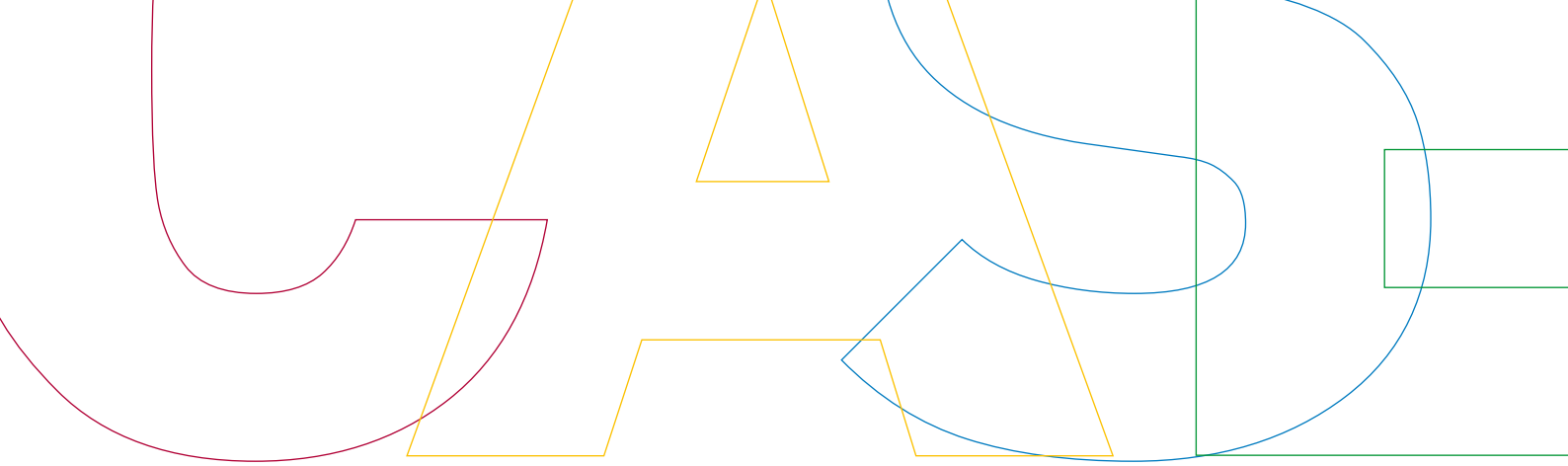
## CONCLUSION

The 125 enterprises which volunteer to participate in the CASE Corporate Social Responsibility (CSR) exercise generally showed a clear awareness of the issues. Many companies, especially in Croatia, have already started to implement some socially responsible practices. Notwithstanding this, a few areas for improvement were identified to concretely develop CSR-related activities.

Firstly, a concrete and clear CSR strategy is fundamental in a company. It is important to spell out and include in a global action plan the individual measures, which are already undertaken in some cases but without much structure or efficiency.

Secondly, a better communication on the definition of Corporate Social Responsibility is needed. As highlighted by the local Chamber experts who carried out the exercise, some companies were in fact implementing CSR activities without being aware they were doing so. One reason might be that many companies produce in sectors which are strictly regulated (eg. food products sector). As a matter of fact, by respecting the rules and standards defined for their sector of production, they are unknowingly developing CSR-related practices. An other reason might be that company representatives do not know what CSR is. For example, CSR is sometimes assimilated to philanthropy.

Finally, due to the investment costs implied, many company leaders are reluctant to the implementation of CSR practices particularly in the current period of economic crisis. Further promoting CSR-related benefits is therefore necessary to explain the positive impact that socially responsible activities might have on their competitiveness and profits.



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